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International, European and U.S. Perspectives on the Negotiation and Adoption of the Anti-Counterfeiting Trade Agreement (ACTA)

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Abstract: *The negotiation and conclusion of the Anti-Counterfeiting Trade Agreement (ACTA) has generated fierce controversy and political protest around the globe. Its main aim is the improvement of the domestic enforcement of intellectual property (IP) rights. This paper analyzes in detail the secretive negotiation process and controversial substantive features of ACTA that have led to global political resistance. It considers the legal issues that the treaty brings to the key signatories, both substantively and procedurally: the European Union (EU) and the United States (U.S.), thereby considering international, supranational and domestic legal questions. This includes an examination of the changes that ACTA brings to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), whether ACTA complies with the existing EU legislation on copyright appropriately (EU acquis) and questions surrounding the constitutionality of ACTA under U.S. Constitutional law. We argue that the danger of ACTA lies less in the actual substantive changes that it may bring to the enforcement of IP rights than in the precedent that it sets for the adoption of controversial and restrictive regulation in secretive and exclusive international procedures.*

INTRODUCTION

The Anti-Counterfeiting Trade Agreement (ACTA) is a plurilateral treaty, which aims to improve the domestic enforcement of intellectual property (IP) rights, including on the Internet. The amount of counterfeit and pirated goods in international trade grew steadily over the period 2000-2007 and could amount to up to USD $250 billion in 2007 — accounting for 1.95% in total world trade.[1]

Counterfeiting and piracy have an immediate impact on IP right holders, and, in the medium and long terms, arguably produce a wide range of effects on consumers, industry, government, and the economy as a whole.[2] Despite its statement that the effective enforcement of IP rights is "critical" to sustaining economic growth across all industries and globally,[3] ACTA has generated fierce controversy at the national, European, and global levels.[4] Opponents challenge the agreement's high level of public attention drawn by the treaty's implications for individual rights, calling it

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[1] Organization for Economic Co-Operation and Development [hereinafter OECD], *Magnitude of Counterfeiting and Piracy: An Update*, 1 (2009), http://www.oecd.org/industry/industryandglobalisation/44088872.pdf. (discussing that these figures do not include domestically produced and consumed products and, more importantly, non-tangible pirated digital products which could add several hundred billion dollars to the amount); *see* Piotr Stryszowski, OECD, *Counterfeiting and Piracy: Statistics and Data Gathering*, slide 7 (2010), http://ec.europa.eu/internal_market/iprenforcement/docs/observatory/oecd_en.pdf.

[2] U.S. GOV'T ACCOUNTABILITY OFFICE [hereinafter GAO], GAO-10-423, INTELLECTUAL PROPERTY: OBSERVATIONS ON EFFORTS TO QUANTIFY THE ECONOMIC EFFECTS OF COUNTERFEIT AND PIRATED GOODS 9 (2010), *available at* http://gao.gov/new.items/d10423.pdf.

[3] Anti-Counterfeiting Trade Agreement, *opened for signature* Oct. 1, 2011, 50 I.L.M. 243, pmbl. [hereinafter ACTA], *available at* http://mofa.go.jp/policy/economy/i_property/pdfs/acta1105_en.pdf.

[4] Timothy Lee, *As Anonymous Protests, Internet Drowns in Inaccurate Anti-ACTA Arguments*, ARS TECHNICA (Jan. 30, 2012), http://arstechnica.com/tech-policy/2012/01/internet-awash-in-inaccurate-anti-acta-arguments/.

mismatched with the low level of transparency pursued by the negotiating parties.[5] This secrecy created by a gap between information demand and supply in treaty making is one of the core reasons of suspicion toward ACTA.

The substantive content of ACTA is of as much interest as the process evolving it. Strong concerns have been expressed with regard to the freedom of expression, right to information, the protection of personal data and the right to fair and due process.[6] Critics of ACTA have argued that it will expose private parties, including Internet Service Providers, to criminal charges for aiding and abetting those who act to breach the IP rights of others.[7] ACTA's ambiguous language could bring a number of notable changes to civil, border, and criminal procedures at the domestic level, which would also have effects upon the transnational flows of goods and information. An opinion issued in April 2012 by the European Data Protection Supervisor suggested that ACTA does not give the right incentives to national legislators to transpose it appropriately.[8] Notwithstanding, standards set out in ACTA are likely to be used in bilateral and multilateral trade negotiations.

Political narratives surrounding ACTA have become increasingly ambivalent. Some signatories have started to emphasize not only the

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[5] *See* David S. Levine, *Transparency Soup: The ACTA Negotiating Process and "Black Box" Lawmaking*, 26 AM. U. INT'L L. REV. 811, 829-30 (2011).

[6] Legal Opinion, Legal Serv., EUR. PARL., *Anti-Counterfeiting Trade Agreement (ACTA) – Conformity with European Union Law*, ¶ 28, SJ-0661/11, (2011) [hereinafter Legal Opinion], *available at* http://actafacts.com/files/SJ-0661-11_Legal%20Opinion.pdf.

[7] *See* Margot Kaminski, *An Overview of the Evolution of the Anti-Counterfeiting Trade Agreement (ACTA)*, PIJIP Research Paper No. 17, 19 (2011); Kimberlee Weatherall, *Politics, Compromise, Text and the Failures of the Anti-Counterfeiting Trade Agreement*, 33 SYDNEY L. REV. 229, 243 (2011); *see also* Olivia Solon, *British MEP David Martin Urges ACTA Rejection*, WIRED.CO.UK (Apr. 13, 2012), http://wired.co.uk/news/archive/2012-04/13/david-martin-mep-urges-acta-rejection.

[8] European Data Prot. Supervisor, *Opinion of the European Data Protection Supervisor on the proposal for a Council Decision on the Conclusion of the Anti-Counterfeiting Trade Agreement between the European Union and its Member States, Australia, Canada, Japan, the Republic of Korea, the United Mexican States, the Kingdom of Morocco, New Zealand, the Republic of Singapore, the Swiss Confederation and the United States of America*, ¶ 35 (2012), *available at* http://edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/Consultation/Opinions/2012/12-04-24_ACTA_EN.pdf; *see generally* European Data Prot. Supervisor, *Opinion of the European Data Protection Supervisor on the current negotiations by the European Union of an Anti-Counterfeiting Trade Agreement (ACTA)*, OJ C 147/1 (2010), *available at* http://edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/Consultation/Opinions/2010/10-02-22_ACTA_EN.pdf.

importance of the treaty, but also, ironically, its insignificance. The European Commission argued that the substantive level of protection of property rights in ACTA is the same as currently under EU law.[9] Similarly, the limited impact of ACTA on existing U.S. law is advocated by the U.S. Trade Representative.[10] The European Commission further assured that ACTA will only be used against large-scale crime and will not affect the everyday use of the Internet.[11]

Against such a political backdrop, this article attempts to reflect upon major legal issues surrounding the negotiation and adoption of ACTA from the international, EU, and U.S. legal perspectives – in particular changes to existing enforcement of IP rights and the secrecy of the adoption process. International, regional, and domestic regulation of IP rights has always involved a complex balancing exercise between the protection of IP rights demanded by right holders and developed states, and the safeguarding of the access to goods and services by users and developing countries. Any significant changes to the existing balance between competing social interests would have to be done through the deliberation process in which a wide range of constituencies can participate. The controversies surrounding ACTA indicate that the treaty fails both to involve the relevant stakeholders and to balance competing international, regional, and domestic interests in IP rights protection.

Part I analyses in detail the negotiation process and substantive features of ACTA by situating it within broader attempts to reform the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) concluded in 1994.[12] Thereafter, the article considers the legal issues that the treaty brings to the key signatories, both substantively and procedurally: the EU and the U.S., thereby considering international, regional and domestic negotiation and ratification legal questions. From the EU law standpoint, Part II addresses in detail the question of whether ACTA complies with the existing EU legislation on copyright appropriately (EU *acquis*). Questions

[9] EUROPEAN COMM'N, THE ANTI-COUNTERFEITING TRADE AGREEMENT (ACTA): FACT SHEET 2, http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc_140836.11.08.pdf (last modified Nov. 2008) [hereinafter ACTA Fact Sheet].

[10] Press Release, Office of the U.S. Trade Rep., The Office of the U.S. Trade Representative Releases Statement of ACTA Negotiating Partners on Recent ACTA Negotiations (Aug. 2010), http://ustr.gov/about-us/press-office/press-releases/2010/august/office-us-trade-representative-releases-statement-a.

[11] ACTA Fact Sheet, *supra* note 9, at 2.

[12] *See generally* Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 1869 U.N.T.S. 299 [hereinafter TRIPS] (The Treaty is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization).

surrounding the constitutionality of ACTA under U.S. Constitutional law are outlined in Part III, by way of a comparative analysis of the reception of international law in one key signatory's domestic legal order.

I. ACTA AND INTERNATIONAL PROTECTION OF IP RIGHTS

According to the preamble,[13] ACTA is designed to "complement" TRIPS, the multilateral IP rights protection agreement annexed to the Agreement Establishing the World Trade Organization (WTO).[14] A treaty may be regarded as complementary if it shares the same objectives with another treaty. At the abstract level, ACTA indeed complements TRIPS, in that it likewise pursues effective protection and enforcement of IP rights and the objectives and principles set forth in TRIPS generally apply to ACTA.[15] It does not allow parties to exonerate their obligations under TRIPS amongst themselves.[16] However, in more concrete terms, the drafting procedure and substantive provisions of ACTA contradict its allegedly complementary character. ACTA seeks to complement TRIPS' objectives, but it does so as a form of *critique* to the 1994 multilateral regime, as well as to those WTO members which, in the view of ACTA negotiating states, have not effectively implemented enforcement provisions.

A. On Procedure: International Standard-Setting via Non-WTO Forums

1. Adopting ACTA; Another "TRIPS-Plus" Treaty

ACTA was drafted among like-minded states outside the WTO framework and the World Intellectual Property Organization (WIPO), a multilateral forum focused on the IP protection. After the Japanese Prime Minister raised the concept of a plurilateral ACTA at the Gleneagles G8 Summit in 2005,[17] a series of preliminary negotiations took place among an initial

[13] ACTA, *supra* note 3, at pmbl. ¶ 4.

[14] *See generally* TRIPS, *supra* note 12 (detailing the text of TRIPS).

[15] ACTA, *supra* note 3, at art. 2, ¶¶ 1-3.

[16] ACTA, *supra* note 3, at art. 1.

[17] Group of Eight [G8], Gleneagles Summit, *Reducing IPR Piracy and Counterfeiting Through More Effective Enforcement* (2005), http://mofa.go.jp/policy/economy/summit/2005/piracy.pdf.; *see generally* Peter Yu, *Six Secret (and Now Open) Fears of ACTA*, 64 SMU L. REV. 975, 980-98 (2011).

group of interested parties (including Canada, European Union, Japan, Korea, Mexico, New Zealand, Switzerland, and United States), starting in October 2007.[18] Eleven meetings were held among a broader, but still restricted, circle of participants.[19] The negotiating states and the EU have only released scarce information twice: a "Summary of Key Elements Under Discussion" in 2009, and a "Fact Sheet" in 2010.[20] However, the draft text of the treaty remained undisclosed until after the eighth meeting in April 2010.[21] Six months after the release of the draft text, the participants reached an overall agreement,[22] leading to the finalization of the treaty provisions in December 2010.[23] The treaty was then finalized on April 15, 2011 and opened for signature on May 1, 2011.[24]

The choice of the non-WTO forum is apparently to avoid the multilateral stalemate on domestic enforcement.[25] From the moment of its creation at the Uruguay Round, TRIPS accommodates a profound division of opinions

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[18] *Proposed US ACTA Plurilateral Intellectual Property Trade Agreement (2007)*, WIKILEAKS, (May 22, 2008), http://wikileaks.org/wiki/Proposed_US_ACTA_plurilateral_intellectual_property_trade_agreement_%282007%29 (detailing the informal meetings held in December 2007 and in January and March 2008. The discussion document during the initial talks in 2007 was first leaked by WikiLeaks on May 22, 2008); *see* Levine, *Transparency Soup*, *supra* note 5, at 829-30.

[19] UNITED KINGDOM DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS, INTELLECTUAL PROP. OFFICE, ACTA NEGOTIATING ROUNDS, http://ipo.gov.uk/acta-rounds.doc (last visited Oct. 26, 2012).

[20] OFFICE OF THE U.S. TRADE REP., OFFICE OF THE PRESIDENT, ACTA – SUMMARY OF KEY ELEMENTS UNDER DISCUSSION (2009), http://ustr.gov/about-us/press-office/fact-sheets/2009/november/acta-summary-key-elements-under-discussion; OFFICE OF THE U.S. TRADE REP., OFFICE OF THE PRESIDENT, ACTA FACT SHEET (Mar. 2010), http://ustr.gov/acta-fact-sheet-march-2010.

[21] Consolidated Text Prepared for Public Release, Anti-Counterfeiting Trade Agreement, Oct. 1, 2011 (PUBLIC Predecisional/Deliberative Draft Apr. 2010) [hereinafter Public Release ACTA], *available at* http://trade.ec.europa.eu/doclib/docs/2010/april/tradoc_146029.pdf.

[22] Anti-Counterfeiting Trade Agreement, Oct. 1, 2011 (Predecisional/Deliberative Draft Oct. 2010), *available at* http://ustr.gov/webfm_send/2338 (reflecting changes made during the Sept. 2010 Tokyo Round).

[23] Anti-Counterfeiting Trade Agreement, Oct. 1, 2011 (Draft Subject to Legal Review Nov. 2010), *available at* http://mofa.go.jp/policy/economy/i_property/pdfs/trade-agreement1011.pdf (discussing that the text was finalized in November 2010, subject to legal review).

[24] Foreign Affairs and International Trade Canada, *Anti-Counterfeiting Trade Agreement*, http://international.gc.ca/trade-agreements-accords-commerciaux/fo/intellect_property.aspx?view=d (last visited Oct. 26, 2012).

[25] Weatherall, *supra* note 7, at 237.

among members.[26] Developing states originally preferred IP to be governed within the WIPO, as opposed to the WTO, with its institutionalized dispute settlement mechanisms.[27] In the asymmetrical power structure of multilateral trade negotiations, developing states agreed to compromise in exchange for concessions on other issues such as agriculture and textiles in the WTO agreements.[28]

Domestic enforcement of TRIPS was one of the points that divided the opinions between industrialized IP exporters and developing IP importers. The efforts to reach an agreement led Part III of TRIPS, entitled "Enforcement of Intellectual Property Rights,"[29] to accommodate significant flexibilities and limitations.[30] The position of developing countries is reflected particularly in Article 41(5) of TRIPS, which states that members are *not* obligated to set up a judicial system or to change the distribution of resources for IP rights enforcement.[31] Article 41(5) leaves greater flexibility to states in terms of the specific modes of enforcement. The provision is in line with Article 1(1) of TRIPS, which states that members are free to determine the appropriate method of implementation within their own legal system and practice.[32] Developing countries consider Articles 41(5) and 1(1) the key concession they won through the TRIPS negotiation process.[33] For IP exporters, TRIPS has thus left much to be desired. The development

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[26] *See* HIROKO YAMANE, INTERPRETING TRIPS: GLOBALISATION OF INTELLECTUAL PROPERTY RIGHTS AND ACCESS TO MEDICINES 105-47 (2011) (providing a detailed account of the Uruguay Round negotiations leading to the adoption of TRIPS).

[27] Laurence R. Helfer, *Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking*, 29 YALE J. INT'L L. 1, 79 (2004).

[28] SUSAN K. SELL, PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY RIGHTS 173 (2003); Bryan Mercurio, *Beyond the Text: The Significance of the Anti-Counterfeiting Trade Agreement*, 15 J. INT'L ECON. L. 361, 362-63 (2012).

[29] *See generally* YAMANE, *supra* note 26, at 175-80 (providing an overview of Part III).

[30] *See* Peter K. Yu, *TRIPS and Its Achilles' Heel*, 18 J. INTELL. PROP. L. 479, 482 (2011) (providing the background and analysis of TRIPS' enforcement provisions).

[31] TRIPS, *supra* note 12, at art. 41(5) ("It is understood that this Part does *not* create any obligation to put in place a judicial system for the enforcement of intellectual property rights *distinct from that for the enforcement of law in general*, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the *distribution of resources* as between enforcement of intellectual property rights and the *enforcement of law in general*") (emphasis added).

[32] TRIPS, *supra* note 12, art. 1(1); *see also* YAMANE, *supra* note 26, at 16.

[33] Yu, *supra* note 30, at 496.

of the Internet has further augmented the ineffectiveness of TRIPS, which does not contain specific rules on internet-related copyright protection.[34]

To resolve the dissatisfaction towards Part III of TRIPS, many developed countries have started to incorporate "TRIPS-plus" provisions in their free trade agreements (FTAs).[35] ACTA must be understood as a continuation of these "TRIPS-plus" processes.[36] After the aforementioned G8 Summit, developed states made diplomatic efforts to pursue the enforcement agenda at the WTO forum. From June 2005 to October 2007, proposals to discuss the effective implementation of enforcement provisions of TRIPS were tabled by the European Union, Japan, Switzerland, and the United States.[37]

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[34] YAMANE, *supra* note 26, at 151, 158 (discussing the internet-related procedures, such as measures against circumvention of technological measures to protect IP right holders, have been separately covered by the 1996 WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, known together as the 1996 WIPO Internet Treaties); *see generally* World Intellectual Property Organization Copyright Treaty, Dec. 20, 1996, 36 I.L.M. 65 (entered into force Mar. 6, 2002); World Intellectual Property Organization Performances and Phonograms Treaty, Dec. 20, 1996, 36 I.L.M. 76 (entered into force May 20, 2002).

[35] *See* YAMANE, *supra* note 26, at 487-509 (providing information For U.S. FTAs concluded after 2000).

[36] *See* Yu, *supra* note 30, at 505, 505 n. 98 (explaining that the reasons why developed countries did *not* push for stronger IP enforcement until the mid-2000s are, first, because of TRIPS Art. 65 which makes transitional arrangements for developing countries, and second, due to the Doha Declaration on the TRIPS Agreement and Public Health adopted in 2001 which promotes better access to medicine) (emphasis added).

[37] *See generally* the following tabled proposals: (i) Council for Trade-Related Aspects of Intellectual Property Rights, *Enforcement of Intellectual Property Rights: Communication from the European Communities*, IP/C/W/448 (June 9, 2005) (detailing the measure that was tabled by the European Union (at the time as the European Communities) in June 2005; The European Union (at the time the European Communities) called for the examination of the compliance of members with the enforcement provisions of TRIPS, underlining the evolution of counterfeiting and piracy worldwide and asking the point to be placed on the agenda of the TRIPS Council; (ii) *Enforcement of Intellectual Property Rights: Communication from the European Communities*, IP/C/W/468 (Mar. 10, 2006); TRIPS Council, *Enforcing Intellectual Property Rights: Border Measures: Communication from the European Communities*, IP/C/W/471 (June 9, 2006) (detailing that the measure was tabled by the European Union in May and June 2006: Council for Trade-Related Aspects of Intellectual Property Rights; The European Union has proposed the discussion on enforcement provisions with the particular focus on "border measures"; (iii) Council for Trade-Related Aspects of Intellectual Property Rights, *Enforcement of Intellectual Property Rights: Joint Communication from the European Communities, Japan, Switzerland and the United States*, IP/C/W/485 (Nov. 2, 2006) (detailing that the measure was tabled by the European Union, Japan, Switzerland, and the United States in November 2006 as a joint communication); (iv) Council for Trade-Related Aspects of Intellectual Property Rights, *Enforcement of Intellectual Property Rights (Part III of the TRIPS Agreement): Experiences of Border Enforcement: Communication from the United States*, IP/C/W/488 (Jan. 30, 2007) (providing that the measure was tabled by the United States in January 2007); (v) Council for Trade-Related Aspects of

These proposals however met opposition notably from Argentina, Brazil, Cuba, China, India, and South Africa.[38] The foreseeable difficulty in deliberating domestic enforcement at the TRIPS Council has therefore resulted in the statement by the European Union, Japan, and the United States and a few other developed states on October 23, 2007 to commence negotiations to create ACTA.[39]

2. Signing and Ratifying ACTA

As of October 5, 2012, among thirty-eight participants who negotiated the ACTA,[40] thirty-two have signed it.[41] The remaining six that have not yet signed it are: Cyprus, Estonia, Germany, the Netherlands, Slovakia, and Switzerland. The ratification of six signatories is required for the treaty to enter into force.[42] In the (unlikely) event that those WTO members that did *not* participate in the ACTA negotiation still wish to sign the treaty, "the participants may agree to [those states' signature] by consensus."[43] After the first two years (from May 1, 2011 to May 1, 2013), WTO members that

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Intellectual Property Rights, *Enforcement of Intellectual Property Rights: Communication and Cooperation as a Key to Effective Border Measures: Communication from Switzerland*, IP/C/W/492 (May 31, 2007) (detailing that the measure was tabled by Switzerland in May 2007); (vi) Council for Trade-Related Aspects of Intellectual Property Rights, *Enforcement of Intellectual Property Rights: Communication from Japan*, IP/C/W/501 (Oct. 11, 2007) (providing that the measure was tabled by Japan in October 2007).

[38] *See* Yu, *supra* note 30, at 507-08 (providing a response to the United States' communication tabled in January 2007).

[39] *Id.* at 511-12.

[40] ACTA, *supra* note 3, at E-23, n.17 (detailing that ACTA was negotiated by Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, the European Union, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malta, Mexico, Morocco, The Netherlands, New Zealand, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, and the United States).

[41] *Conclusion of the Anti-Counterfeiting Trade Agreement (ACTA) by Japan*, MINISTRY OF FOREIGN AFFAIRS OF JAPAN (Oct. 5, 2012), http://mofa.go.jp/policy/economy/i_property/acta_conclusion_1210.html ("Australia, Canada, the European Union (and its 22 Member States), Japan, Republic of Korea, Mexico, Morocco, New Zealand, Singapore, and the United States have already signed the ACTA.").

[42] ACTA, *supra* note 3, at art. 40(1).

[43] ACTA, *supra* note 3, at art. 39 (providing that "this Agreement shall remain open for signature by participants in its negotiation, and by any other WTO Members the participants may agree to by consensus, from 1 May 2011 until 1 May 2013.") (original footnote omitted).

wish to join the treaty need to "apply" to accede to ACTA,[44] and the ACTA Committee decides the terms of accession for each applicant.[45]

The prospect for ratification is by no means promising at the time of writing. The earliest county that completed the conclusion procedures was Japan. ACTA was approved by the Japanese House of Councillors on August 3, 2012, and by the House of Representatives on 6 September. Yet in other signatory countries, legal and political issues have delayed or virtually halted the ratification process. In Australia, the treaty was tabled in Parliament in November 2011. In June 2012, Australia's Joint Standing Committee on Treaties recommended *not* to ratify ACTA until the independent assessment of the economic and social benefits and costs of the Agreement is conducted and until the Australian Law Reform Commission reports on its inquiry into copyright; the deadline of the Commission's report is November 30, 2013.[46]

Critical is the position of the EU, which has not yet ratified ACTA. It effectively determines the ratification by the EU member states and also influences the position of non-EU states.[47] The EU Council adopted ACTA unanimously in December 2011. The EU Commission has passed the agreement on for ratification to the Member States and for a vote to the European Parliament. Under Articles 207 and 218(6)(a)(v) TFEU, ACTA needs the consent of the European Parliament. Since ACTA is a mixed agreement under EU law, it needs ratification not only by the EU, but also by the Member States. However, at present ACTA does not have the necessary votes to pass through the European Parliament, which voted the agreement down on July 4, 2012. The European Commission has further referred the issue of ACTA's legality to the Court of Justice of the European Union.[48] From the perspective of the Commission, sending ACTA to the Court of Justice has political and legal advantages, such as longevity and

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[44] ACTA, *supra* note 3, at art. 43(1).

[45] ACTA, *supra* note 3, at art. 43(2) (detailing that the ACTA Committee is established by Art. 36 of ACTA to review its implementation and operation. Each party is represented on the Committee.).

[46] JOINT STANDING COMMITTEE ON TREATIES, PARLIAMENT OF AUSTRALIA, REVIEW INTO TREATY TABLED ON 21 NOVEMBER 2011: REPORT 126, 60 (June 27, 2012) [hereinafter Australian Parliament Report], *available at* http://aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jsct/21november2011/report.htm (last visited Aug. 1, 2012).

[47] *Id.* at ch. 8, ¶8.16 (observing that "[i]n considering its recommendation to ratify ACTA, a future Joint Standing Committee on Treaties should have regard to events related to ACTA in other relevant jurisdictions, including the EU and the US.").

[48] Treaty on the Functioning of the European Union art. 218(11), Mar. 30, 2010, O.J. (C 83) [hereinafter TFEU].

clarity. Several Member States that signed the treaties have halted ratification procedures (e.g., Bulgaria,[49] Latvia,[50] Poland,[51] Slovenia[52]).

3. ACTA's Broader Implications for the International Regulation of IP Rights

In view of these political setbacks within the European Union, there appears "a very real possibility" that ACTA will not come into force, as the Australian Joint Standing Committee on Treaties observed in June 2012.[53] Despite the unpromising prospect for ACTA, it should be recalled that the aim of ACTA's negotiating states should go beyond the reform of the enforcement procedures among themselves. Standards set out in ACTA are likely to be used in bilateral and multilateral trade negotiations.[54] Already, the U.S. government's draft on IP rights, released in February 2011, for the Trans-Pacific Partnership (TPP)[55] has extensive provisions that are in part comparable to those of ACTA.[56] A number of the existing parties and negotiating states of TPP are signatories to ACTA (Australia, Canada, Mexico, New Zealand, Singapore, Unite States). Such "forum shifting"

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[49] *Bulgaria Postpones ACTA Ratification*, EUOBSERVER.COM, (Feb. 15, 2012, 09:29 AM), http://euobserver.com/tickers/115263.

[50] *Minister Blocks Ratification of ACTA*, BALTIC NEWS NETWORK (Feb. 8, 2012), http://bnn-news.com/economy-minister-blocks-ratification-acta-49079.

[51] *Poland Suspends ACTA Ratification*, WARSAW BUSINESS JOURNAL (Feb. 6, 2012), http://wbj.pl/article-57880-poland-suspends-acta-ratification.html.

[52] *Government Puts ACTA in Freezer Pending EU-Wide Decision*, REPUBLIC OF SLOVENIA (Mar. 15, 2012), http://evropa.gov.si/en/content/latest-news/news/select/general/news/government-puts-acta-in-freezer-pending-eu-wide-decision/c95da056c5/.

[53] Australian Parliament Report, *supra* note 46, ¶ 8.10; *ACTA Tritt "Wahrscheinlich Nicht in Kraft" [ACTA Probably Not Into Force]*, SPIEGEL ONLINE (May 4, 2012), http://evropa.gov.si/en/content/latest-news/news/select/general/news/government-puts-acta-in-freezer-pending-eu-wide-decision/c95da056c5/.

[54] *See* Michael Geist, *The Trouble with ACTA: An Analysis of the Anti-Counterfeiting Trade Agreement*, WORKSHOP: THE ANTI-COUNTERFEITING TRADE AGREEMENT 26, 33 (Mar. 29, 2012), *available at* http://europarl.europa.eu/committees/en/studies.html.

[55] *Trans-Pacific Partnership (TPP): 15th Round of TPP Negotiations Set for Auckland, New Zealand -- December 3-12, 2012*, OFFICE OF THE U.S. TRADE REP., EXEC. OFFICE OF THE PRESIDENT, http://ustr.gov/tpp (last visited Nov. 14, 2012) (detailing that TPP is a FTA concluded in 2005 among Brunei, Chile, Singapore, and New Zealand, and has been negotiated, as of July 1, 2012, among Australia, Canada, Malaysia, Mexico, United States, Peru, and Vietnam).

[56] *E.g., Trans-Pacific Partnership, Intellectual Property Rights Chapter, Draft*, KNOWLEDGE ECOLOGY INT'L,(Feb. 10, 2011), http://keionline.org/tpp (detailing that the U.S. government draft of the intellectual property chapter of the TPP); *see also* S. K. Sell, *TRIPS was Never Enough: Vertical Forum Shifting, FTAs, ACTA, and TPP*, 1 J. OF INTELL. PROP. L. 447, 462–68 (2011) (showing the shifting of IP protection forum from ACTA (and FTA) to TPP).

from ACTA must be understood as part of the "TRIPS-plus" process. The origin of this process is not necessarily with ACTA, but with FTAs involving the U.S. and the EU, which include even higher standards than those eventually accommodated in ACTA.[57]

ACTA negotiating states have also resumed their attempts to push forward the enhanced enforcement at the multilateral forum. In June 2012, the U.S. and Japan presented new papers at the TRIPS Council, which stressed the enforcement-related challenges against counterfeiting.[58] The papers found support from the EU, Korea, Canada, Switzerland, and Mexico, while raising concern from some developing countries in that the U.S.-Japan papers might go beyond the existing requirements under Article 51 of TRIPS.[59]

Overall, ACTA, albeit negotiated outside the multilateral forum, seems to be one of the stepping-stones to achieving a global-scale reform on IP enforcement. This characterization of ACTA explains why, at the TRIPS Council in June 2010, China and India, supported by a number of other developing countries, took active steps to voice their concern over "enforcement trends" beyond the standards set out in TRIPS.[60] China and India argued that ACTA would conflict with TRIPS, including Article 1(1), undermine the balance of rights, obligations and flexibilities under WTO agreements, and disrupt goods in transit or transhipment.[61] When ACTA participants informed the WTO membership about the treaty in October 2011, [62] India, Angola, Ecuador, Brazil, China, Chile, Venezuela and

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[57] *See* Mercurio, *supra* note 28, at 20–21, 26–30.

[58] *How and Where to Handle Counterfeit Trademarked Goods*, WORLD TRADE ORGANIZATION (June 5, 2012), http://wto.org/english/news_e/news12_e/trip_05jun12_e.htm; Council for Trade-Related Aspects of Intellectual Property Rights, *Securing Supply Chains Against Counterfeit Goods: Communication from the United States*, IP/C/W/570 (May 31, 2012); Council for Trade-Related Aspects of Intellectual Property Rights, *Enforcement of Intellectual Property Rights: Communication from Japan*, IP/C/W/571 (May 31, 2012).

[59] *How and Where to Handle Counterfeit Trademarked Goods, supra* note 58; *Supply Chains Against Counterfeit Goods: Communication from the United States, supra* note 58; *Enforcement of Intellectual Property Rights: Communication from Japan, supra* note 58.

[60] *Council Debates Anti-Counterfeiting Talks, Patents on Life*, WORLD TRADE ORGANIZATION (June 8-9, 2010), http://wto.org/english/news_e/news10_e/trip_08jun10_e.htm; Geist, *supra* note 54, at 33-34.

[61] *Council Debates Anti-Counterfeiting Talks, supra* note 60; Geist, *supra* note 54, at 33-34.

[62] Council for Trade-Related Aspects of Intellectual Property Rights, *Enforcement of Intellectual Property Rights: Communication from Australia, Canada, the European*

Zimbabwe repeated concerns, raised in previous meetings in 2010, including ACTA's effect on access to medicines.[63]

B. On Substance: Altering the Balance in Favor of the Right Holders

ACTA consists of six chapters. The main provisions are laid down in Chapter II entitled "Legal Framework for Enforcement of Intellectual Property Rights", which is composed of five sections: general obligations (Section 1 of Chapter II, ACTA), civil enforcement (Section 2), border measures (Section 3), criminal enforcement (Section 4), and enforcement of intellectual property rights in the digital environment (Section 5). Section 5 has sparked wide public controversy. While Section 5 contains a number of important provisions,[64] crucial is Article 27(1),[65] which mandates the application of Section 2 (civil enforcement) and Section 4 (criminal enforcement) to the acts carried out on the Internet.[66]

ACTA differs from TRIPS in a number of aspects. In short, the 2011 treaty *shifts the balance* between the *protection of the IP right holders* on one hand, and the *protection of importers and users of goods and services*, on the other.[67] How we should balance these often competing interests is one of the

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Union, Korea, Japan, New Zealand, Singapore, Switzerland and the United States, IP/C/W/563 (Oct. 17, 2011).

[63] *Intellectual Property Council Talks Health, Tobacco Packaging and Enforcement*, WORLD TRADE ORGANIZATION NEWS (Oct. 24-25, 2011), http://wto.org/english/news_e/news11_e/trip_24oct11_e.htm (detailing that ACTA was discussed again at the TRIPS Council in February 2012, in which negotiating states have stressed that ACTA does not target generic medicines or legitimate access to the internet, which likewise met criticisms from India, China, and Brazil and some other non-negotiating states); *Intellectual Property Council Discusses Anti-Counterfeiting Pact, Tobacco Packaging*, WORLD TRADE ORGANIZATION NEWS (Feb. 28-29, 2012), http://wto.org/english/news_e/news12_e/trip_28feb12_e.htm.

[64] *Compare* ACTA, *supra* note 3, at art. 27(5) (requiring parties to provide adequate legal protection and effective legal remedies against the "circumvention of effective technological measures," *with* Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (showing that the anti-circumvention provision of ACTA is similar to the U.S.'s Digital Millennium Copyright Act).

[65] ACTA, *supra* note 3, at art. 27(1) (requiring that "[e]ach Party shall ensure that enforcement procedures, to the extent set forth in Sections 2 (Civil Enforcement) and 4 (Criminal Enforcement), are available under its law so as to permit effective action against an act of infringement of *intellectual property rights* which takes place in the *digital environment* . . . ") (emphasis added).

[66] YAMANE, *supra* note 26, at 151, 158 (indicating TRIPS does not contain specific rules on internet-related copyright protection).

[67] *See* Kaminski, *supra* note 7, at 13.

fundamental points of contention underlying IP rights enforcement, which also summarizes the division of opinions between industrialized states and developing states we have described above. Among a number of differences between TRIPS and ACTA,[68] the key points are highlighted here. They illustrate how ACTA seeks to change the aforementioned delicate, and often country-specific balance in favor of the IP-right holders.

1. Scope of IP Rights

On the most fundamental level, ACTA subjects a broader range of IP-related rights to enforcement provisions. It employs the term *intellectual property* throughout Chapter II. Under Article 5(h) of ACTA, intellectual property is defined as "all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the TRIPS Agreement",[69] including not only copyright and related rights and trademarks, but also: geographical indications; industrial designs; patents; and the layout-designs (topographies) of integrated circuits; and, the protection of undisclosed information.[70] The general term *intellectual property* is likewise employed in Part III of TRIPS (enforcement). Yet its less stringent enforcement provisions compensate the use of the general term.

Patents and protection of undisclosed information "may" be excluded from Section 2 (civil enforcement)[71] if parties wish to do so.[72] Nevertheless, to phrase the scope in such a way as to allow exclusion suggests that the exclusion is the exception rather than the rule; this may encourage parties to apply civil enforcement provisions to patent and undisclosed information.[73] Patent violations are extremely technical and thus hard to detect. If authorities that have no expertise in patents apply the enforcement measures or apply them against third parties who may have no ability to detect patent law violations, this could significantly deter business dealings, including those of generic drug markers.[74]

[68] Sean M. Flynn & Bijan Madhani, *ACTA and Access to Medicines,* American University, WCL RESEARCH PAPER NO. 2012-03, (2012) (discussing the section-by-section comparison and analysis have been conducted by a number of studies); *See, e.g.*, Weatherall, *supra* note 7.

[69] ACTA, *supra* note 3, at art. 5, ¶ (h).

[70] TRIPS, *supra* note 12, Part II, §§ 1-7 (titles only).

[71] *See infra* Part I.B.2 (discussing civil enforcement).

[72] ACTA, *supra* note 3, at art. 2, n.2.

[73] Flynn & Madhani, *supra* note 68, at 13.

[74] *Id.* at 12.

With regard to Section 3 (border measures),[75] ACTA did not specifically restrict the application of border measures to *counterfeit trademark* and *pirated copyright goods* as provided in the first sentence of Article 51 of TRIPS.[76] From the footnote to Article 13 of ACTA,[77] it is clear that patents and the protection of undisclosed information are not the mandatory coverage of Section 3. Although, at the same time, parties are not prohibited from having border procedures for patents either.[78] What remains unclear is the extent to which Section 3 applies to other IP rights.

Two contrasting constructions seem possible. First, it could be argued that *no* particular IP rights are required to be protected by Section 3.[79] This reading finds support in the fact that neither Article 13 nor Article 16 explicitly provide for the scope of IP covered by Section 3. While Article 13 mentions "intellectual property rights", it is difficult to read this provision as *obliging* parties to apply border measures for IP rights in general since it requires parties to provide enforcement "as appropriate" and is conditioned on domestic system and TRIPS' requirements. While this first reading carries conviction especially from the literal reading of Articles 13 and 16, a difficulty is that it would effectively deprive the legal significance of Section 3. If there was no requirement to protect IP rights in the first place,

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[75] *See infra* Part I.B.3 (discussing border measures).

[76] TRIPS, *supra* note 12, at art. 51 (providing that "[m]embers *shall* . . . adopt procedures to enable *a right holder*, who has valid grounds for suspecting that the importation of *counterfeit trademark* or *pirated copyright goods* may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. Members *may* enable such an application to be made in respect of goods which involve *other* infringements of intellectual property rights . . . Members *may* also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for *exportation* from their territories.") (emphasis added) (footnotes omitted); Weatherall, *supra* note 7, at 248 (indicating it would have been easier to identify the scope of Section 3 if ACTA simply restricts its border measures to these two items).

[77] ACTA, *supra* note 3, at art. 13 (discussing border measures: "[i]n providing, *as appropriate*, and consistent with *its domestic system* of intellectual property rights protection and without prejudice to the *requirements of the TRIPS Agreement*, for effective border enforcement of *intellectual property rights*, a Party *should* do so in a manner that does *not discriminate unjustifiably* between intellectual property rights and that avoids the creation of barriers to legitimate trade.") (emphasis added); art. 13, n.6 (providing that "[t]he Parties agree that *patents* and *protection of undisclosed information* do *not* fall within the scope of this Section.") (emphasis added).

[78] Henning Grosse Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade? ACTA Border Measures and Goods in Transit*, 26 AM. U. INT'L L. REV. 645, 667–68 (2011); *See* TRIPS, *supra* note 12, at art. 51 (indicating in the second sentence of art. 51 of TRIPS envisages border measures for wider IP rights); *See* Weatherall, *supra* note 7, at 246.

[79] *See* Weatherall, *supra* note 7, at 247–48.

it would be absurd to distinguish the term "shall" from "may". An alternative second reading thus appears to be more persuasive. It can be reasonably argued that parties are in principle required to apply Section 3 to *all* IP rights *except for those excluded*.[80] This means that Section 3 applies to IP rights other than patent and undisclosed information.[81] This wide reading finds support from the facts that Article 13 and a few other provisions in Section 3 employ the general term "intellectual property", and that parties have taken a positive step to *exclude* certain IP rights. Also, during the drafting process, the Public Pre-decisional/Deliberative Draft in April 2010 envisaged the application of border measures to goods infringing "intellectual property rights" in general.[82] The following exclusion of patents seems to uphold the interpretation that other IP rights remain unaffected.

If we follow this second interpretation, a key question concerns the interpretation of the effect of Article 13. Article 13 is a product of the final phase of the negotiation to bridge the differences between the EU (which claimed the application of border measures to widen IP rights, including geographical indications) and the U.S. and Australia (which opposed the extension).[83] The provision seems to *allow* ACTA parties to exclude certain IP infringements from the scope of domestic border enforcement systems.[84] However, the extent to which the parties are allowed to do so is far from clear. These uncertainties are caused by the use of the term "should" as opposed to "shall." Also, Article 13 employs such terms as "as appropriate" and "unjustifiably," which readily allows diverging interpretations.[85]

2. Civil Enforcement: Third-Party Injunction over Export, Eased Damage Calculation, and Information Disclosure by Alleged Infringers

With respect to Section 2 (civil enforcement), ACTA has strengthened the protection of right holders broadly in the following three facets: first, it introduced injunction over experts against third parties; second, it detailed

[80] *See* Ruse-Khan, *supra* note 78, at 673–74.

[81] ACTA, *supra* note 3, at art. 13, n.6 (section 3 applies to copyright, trademarks, geographical indications, industrial designs, and the layout-designs of integrated circuits).

[82] Public Release ACTA, *supra* note 21, at arts. 2.X(1), (2) (discussing the scope of border measures).

[83] Ruse-Khan, *supra* note 78, at 678; Weatherall, *supra* note 7, at 245.

[84] Ruse-Khan, *supra* note 78, at 677–81.

[85] Ruse-Kahn, *supra* note 78, at 680-81.

the calculation of damages; and finally, it extended the scope of information to be disclosed in civil proceedings.

Under the first sentence of Article 44(1) of TRIPS,[86] "judicial authorities shall have the authority to issue an injunction to prevent the entry of *imported* goods" and "[i]njunctions under Article 8 of ACTA differs from TRIPS on at least two points."[87] First, the injunction under Article 44(1) of TRIPS concerns the "imported goods" entering into the channels of commerce "in their jurisdiction."[88] Article 8 of ACTA lacks these terms, thereby enables injunctions to be issued not only with imports, but also with *exports*. This means courts can issue injunctions preventing goods from entering into the channels of commerce of *non-parties*, which the goods in question may not contravene IP law. Second, under Article 8(1) of ACTA, an injunction can be issued not only against a party, but also against a "third party" over whom the relevant judicial authority exercises jurisdiction.[89] Such a "third party" provision is likewise found in Article 12(1)(a) of ACTA regarding provisional measures.[90] Article 12(1)(a) obligates parties to provide their judicial authorities with the power to order provisional measures against a party or, "where appropriate, a third party."[91] While the term "intermediaries" is much criticized,[92] the replacement does not seem to restrict the scope of actors resisting injunction or provisional relief. Third-

[86] TRIPS, *supra* note 12, at art. 44(1) (providing that, "1. The judicial authorities shall have the authority to order a party to desist from an infringement . . . to prevent the entry into the channels of commerce *in their jurisdiction* of *imported goods* that involve the infringement of an intellectual property right, immediately after customs clearance of such goods…") (emphasis added).

[87] ACTA, *supra* note 3, at art. 8 (providing that "[e]ach Party shall provide that, in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities have the authority to issue an order against a party to desist from an infringement, and . . . an order to that party or, where appropriate, to a *third party* over whom the relevant judicial authority exercises jurisdiction, to prevent goods that involve the infringement of an intellectual property right from *entering into the channels of commerce*.") (emphasis added).

[88] TRIPS, *supra* note 12, at art. 44.1.

[89] ACTA, *supra* note 3, at art. 8.1.

[90] ACTA, *supra* note 3, at 12(1)(a).

[91] ACTA, *supra* note 3, at art. 12(1) (listing provisional measures as: "1. Each Party shall provide that its judicial authorities have the authority to order prompt and effective provisional measures: (a) against a party or, where appropriate, *a third party* over whom the relevant judicial authority exercises jurisdiction …") (emphasis added); *cf.* TRIPS, *supra* note 12, at art. 50 (finding the TRIPS Agreement does not provide measures against a third party and provisional measures are to prevent the entry into the channels of commerce *in their jurisdiction*).

[92] *See* Brook K. Baker, *ACTA - Risks of Third-Party Enforcement for Access to Medicines*, 26 AMERICAN UNIVERSITY INTERNATIONAL LAW REVIEW 579, 583–586 (2011).

party enforcement provisions may allow injunctive and provisional measures against a wide range of individuals in the generic medicine trade.[93]

In addition to third-party injunctive and provisional measures, ACTA gives right holders favorable damages in civil proceeding. Under Article 45(1) of TRIPS, damages are formulated as those "adequate to compensate for the injury the right holder has suffered."[94] Article 9 of ACTA is an attempt to reduce the flexibility and uncertainty of the damages formula in TRIPS.[95] While the first sentence under ACTA Article 9(1) reiterates the general formula in TRIPS,[96] the second sentence of Article 9(1) is noteworthy. Under Article ACTA Article 9(1) a party is obligated to provide their judicial authorities with the power to consider *lost profits*, the *market price*, or the *suggested retail price* to determine the amount of damages.[97] In copyright lawsuits on unauthorized downloads, "lost profits" damages are highly controversial. According to ACTA Article 9(2), such an amount of damages may also be presumed as "profits" that the infringer is required to pay to the right holder.[98] The measures of value suggested by ACTA, such as "market price" or "suggested retail price", would likely raise the amount of damages. In patent litigation, the possibility of facing significantly high

[93] *See generally id.* (detailing that "[i]t was used in the earlier draft text of the treaty without any explicit jurisdictional limits and was eventually replaced with "third party").

[94] TRIPS, *supra* note 12, at art. 45 (enumerating damages as: "1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages *adequate to compensate for the injury the right holder has suffered* because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity") (emphasis added).

[95] ACTA, *supra* note 3, at art. 9 (enumerating damages as: "1. … In determining the amount of damages for infringement of intellectual property rights, a Party's judicial authorities shall have the authority to consider . . . any legitimate measure of value the right holder submits, which may include *lost profits*, the value of the infringed goods or services measured by the *market price*, or the *suggested retail price*. 2. At least in cases of copyright or related rights infringement and trademark counterfeiting . . . [a] Party may *presume* [the infringer's] *profits to be the amount of damages referred to in paragraph 1*. 3. At least with respect to infringement of copyright or related rights protecting works, phonograms, and performances, and in cases of trademark counterfeiting, each Party shall also establish or maintain a system that provides for one or more of the following: (a) pre-established damages; or (b) presumptions for determining the amount of damages . . . ; or (c) at least for copyright, additional damages. 4. [A] Party . . . ensure that either its judicial authorities or the right holder has the *right to choose* such a remedy [referred to in subparagraph 3(a)] or presumptions [referred to in subparagraph 3(b)] as an *alternative* to the remedies referred to in paragraphs 1 and 2.") (footnote omitted) (emphasis added).

[96] *See* ACTA, *supra* note 3, at art. 9(1); *see also* TRIPS, *supra* note 12, at art. 45(1).

[97] *See* ACTA, *supra* note 3, at art. 9(1).

[98] *Id.* at art. 9(2).

damages would discourage patent holders to offer discounts to medicines and would eventually deter developing countries from accessing medicines.[99] With respect to copyright and trademark, ACTA Article 9(3) provides three alternative forms of damages for copyrights and trademark counterfeiting. While these alternative methods do not appear in TRIPS, it seems unlikely that these alternatives would bring a major change to the protection systems currently used by ACTA signatories. Change is unlikely because there are different systems of calculating damages in the U.S., the EU, Australia, and some other negotiating states.[100] In addition, once a party establishes statutory damages, ACTA Article 9(4) should allow either judicial authorities *or the right holder* to *choose* statutory damages instead of actual damages.[101] This choice would significantly help right holders in the absence of provable actual damages.[102]

Both the third-party injunction in ACTA Article 8 and the facilitation of damage calculation in ACTA Article 9 must be understood in conjunction with judicial authorities' ability to order disclosure of information in civil proceedings at a request of the right holder. As contrasted with TRIPS Article 47,[103] ACTA Article 11 mandates parties to give their judiciary discretion to issue an order to disclose information. Under ACTA Article 11, a disclosure order can be issued not only against the infringer, but also against *alleged* infringer, which may require the infringer or alleged infringer to provide the right holder the information on the channels of distribution of *alleged* infringing goods.[104] Article 11 also omits the phrase

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[99] *See* Flynn & Madhani, *supra* note 68, at 9–10, 15–17.

[100] *See* Weatherall, supra note 7, at 251.

[101] ACTA, *supra* note 3, at art. 9(4).

[102] *See* Kaminski, *supra* note 7, at 13.

[103] TRIPS, *supra* note 12, at art. 47 (detailing the right to information as: "[m]embers *may* provide that the judicial authorities shall have the authority, *unless this would be out of proportion to the seriousness of the infringement*, to order the infringer to inform the right holder of the *identity of third persons* involved in the production and distribution of the *infringing* goods or services and of *their channels of distribution.*") (emphasis added).

[104] ACTA, *supra* note 3, art. 11(detailing information related to infringement as: "[w]ithout prejudice to its law governing privilege, the protection of confidentiality of information sources, or the processing of personal data, each Party *shall* provide that . . . its judicial authorities have the authority, upon a justified request of the right holder, to order the infringer or, in the alternative, the *alleged* infringer, to provide to the right holder or to the judicial authorities . . . relevant information . . . . Such information may include information regarding *any person* involved in *any aspect* of the infringement or *alleged* infringement and regarding the means of production or the channels of distribution of the infringing or *allegedly* infringing goods or services, including the identification of *third persons alleged to be involved* in the production and distribution of such goods or services and of *their channels of distribution.*")

used in Trips Article 47, "unless this would be out of proportion to the seriousness of the infringement."[105] This omission in ACTA Article 11 balances the interest of the right holder and the possible adversarial effects of information disclosure. Overall, ACTA Article 11 seems to give a great advantage to right holders, not only in submitting the measures for determining damages in a *present* proceeding, but also in instituting new legal actions against third parties whose involvement is disclosed by the infringer or alleged infringer; and in devising non-judicial means to prevent the infringement of their rights. [106]

3. Border Measures: Over Export and "In-Transit" Shipments

To strengthen border measures (Section 3) was a priority for developed countries, which had unsuccessfully brought the issue before the TRIPS Council.[107] As contrasted with the third sentence of TRIPS Article 51,[108] ACTA Article 16(1) employed a mandatory language not only for import, but also *export* shipments.[109] This also means that other pertinent treaty regulations on border measures (such as the determination of an infringement under Article 19, and available remedies under Article 20) would be applied to the border procedures for goods destined for *exportation*.[110] Under TRIPS, if a WTO member extends border measures to exports under the third sentence of Article 51, it was not obliged to adhere to other pertinent regulations, such as those concerning the destruction of

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(emphasis added); *see generally* A. J. C. Silva, *Enforcing Intellectual Property Rights by Diminishing Privacy: How the Anti-Counterfeiting Trade Agreement Jeopardizes the Right to Privacy*, 26 AMER. U. INT'L L. REV. 601 (2011) (providing further information on ACTA and privacy).

[105] *Compare* ACTA, *supra* note 3, at art. 11, *with* TRIPS, *supra* note 12, at art. 47.

[106] ACTA, *supra* note 3, at art. 22(c) (mandating parties to authorize its competent authorities to provide a right holder with information about suspect goods); *cf.* TRIPS, *supra* note 8, at art. 57, third sentence; *see also* Section I-B-3 (discussing the disclosure of information in favor of the right holder).

[107] *See generally* Tabled Measures, *supra* note 37 and accompanying text.

[108] TRIPS, *supra* note 12, at art. 51, third sentence.

[109] ACTA, *supra* note 3, at art. 16. (defining border protections as: "1. Each Party *shall* adopt or maintain procedures with respect to import *and export* shipments under which: (a) its customs authorities may act *upon their own initiative* to suspend the release of *suspect* goods; and (b) where appropriate, a right holder may request its competent authorities to suspend the release of *suspect* goods. 2. A Party may adopt or maintain procedures with respect to suspect *in-transit goods* or in other situations where the goods are under customs control under which: (a) its customs authorities may act *upon their own initiative* to suspend the release of, or to detain, *suspect* goods; and (b) where appropriate, a right holder may request its competent authorities to suspend the release of, or to detain, *suspect* goods.") (emphasis added).

[110] *See* ACTA, *supra* note 3, at arts. 19-20.

infringing goods under Article 59.[111] Thus these TRIPS provisions had little value in regulating states from which infringing goods were exported.[112]

Article 16(2) of ACTA also specifically permits the suspension of release regarding *in-transit* goods.[113] These "in-transit" goods include goods under "transhipment," which are going through a customs office that intermediates between import and export.[114] A crucial point with regard to the in-transit measure is *under which domestic law* the infringing status of goods is determined.[115] While Article 16 does not provide any clear-cut guidance, other treaty provisions suggest that the infringement would be based on the law of the country in which border procedures are invoked.[116] This reading finds support from the definition of "counterfeit trademark goods" and "pirated copyright goods" provided in Article 5 of ACTA—although these terms by themselves do not appear in Article 16.[117] Under Article 5, infringement for the purpose of defining "counterfeit trademark goods" and "pirated copyright goods" is assessed under the law of the country in which the *procedures are invoked*.[118] This definition is contrasted with TRIPS, under which "counterfeit trademark goods" bear a non-authorized trademark, which infringes the owner's rights under the law of the country of *importation,*[119] and pirated copyright goods are also restricted to the

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[111] *See* Panel Report, *China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WT/DS362/R, ¶ 7.224 (Jan. 22, 2009); Henning Grosse Ruse-Khan, *China—Intellectual Property Rights: Implications for the TRIPS-Plus Border Measures*, 13 J. OF WORLD INTELL. PROP. 620, 623-24 & 634 n.9 (2010).

[112] *See* Ruse-Khan, *supra* note 111, at 624-26.

[113] *See* ACTA, *supra* note 3, at art.16(2).

[114] *See* ACTA, *supra* note 3, at art. 5(i) & (n).

[115] *See* Weatherall, *supra* note 7, at 249-51.

[116] *See id.* at 250 (discussing that "[e]ach Part shall provide that its competent authorities require a right holder… to provide adequate evidence… that, *under the law of the Party providing the procedures*, there is…an infringement of the right holder's intellectual property right…") (emphasis added).

[117] *Id.*

[118] *See* ACTA, *supra* note 3, at art. 5(d), (k) (defining: (d) "counterfeit trademark goods" means any goods…bearing without authorization a trademark…and which thereby infringes the rights of the owner of the trademark in question under the law of the country *in which the procedures set forth in Chapter II (Legal Framework for Enforcement of Intellectual Property Rights) are invoked…* ; (k) "pirated copyright goods" means any goods which are copies made without the consent of the right holder…and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country *in which the procedures set forth in Chapter II (Legal Framework for Enforcement of Intellectual Property Rights) are invoked*) (emphasis added).

[119] *See* TRIPS, *supra* note 12, at art. 51 n.14 (defining: (a) "counterfeit trademark goods" shall mean any goods…bearing without authorization a trademark…and which

infringement under the law of the country of *importation*.[120] The definition adopted by Article 5 of ACTA enables a party from which goods would be *exported*, and, more importantly, a party through which the goods simply *transit*, to regard those goods as counterfeited or pirated, and to take border measures against those goods. This gives rise to the concern that goods, such as generic medicines, exported from a non-party to another non-party may be seized at the custom of an ACTA member state through which the goods transit.[121]

It can be observed that Article 16(2) of ACTA is the same as TRIPS in that it does not *oblige* parties to introduce border measures against in-transit goods.[122] Nevertheless, the explicit authorization under ACTA serves as justification for parties, given that the suspension of in-transit goods is both politically and legally controversial as it hinders the shipment of medicines to developing countries. The political and legal controversy has been triggered by the well-known "Dutch seizures" case, albeit concerning patents that are not covered by ACTA's border measure requirements.[123] In 2008, Dutch authorities decided to seize, delay, and return several shipments of generic drugs originated in India and transiting EU ports en route to destinations in South America, including Brazil, and Africa, on the basis of suspected patent infringements.[124] In May 2010, India and Brazil initiated WTO dispute settlement proceedings against the EU and the Netherlands,[125] in which India and Brazil have invoked the inconsistency with several TRIPS provisions of the in-transit seizure.[126]

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thereby infringes the rights of the owner of the trademark in question under the law of the country of *importation*; (b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder…and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of *importation.*) (emphasis added).

[120] *Id.*

[121] *See* Kaminski, *supra* note 7, at 9.

[122] *See* TRIPS, *supra* note 12, at art. 51 n.13 ("It is understood that there shall be *no obligation* to apply procedure … to goods in transit") (emphasis added).

[123] *See* Flynn, *supra* note 68, at 7 & n.18 (discussing access to medicines may still be jeopardized because medicines are also subject to trademark rules).

[124] *See* Ruse-Khan, *supra* note 78, at 648-51.

[125] Request for Consultations by Brazil, *European Union and a Member State—Seizure of Generic Drugs in Transit*, WT/DS409/1 (May 19, 2010); Request for Consultations by India, *European Union and a Member State—Seizure of Generic Drugs in Transit*, WT/DS408/1 (May 19, 2010).

[126] *See generally* Ruse-Khan, *supra* note 78 (discussing analysis regarding border measures).

ACTA's robust protection of IP rights will be sustained by *ex officio* actions initiated by members' authorities. As highlighted by the findings of the WTO Panel in *China-IP Rights*,[127] TRIPS obligations in respect of domestic enforcement are primarily to provide authority to take certain measures "at the request of right holders," and not to require the government to take "active" measures to ensure the respect for intellectual property,[128] giving rise to the question whether TRIPS works as a forceful tool to achieve intellectual property enforcement.[129]

Under ACTA, *ex officio* actions are provided both with respect to border measures and criminal enforcement. Article 16(1)(a) of ACTA *mandates* a party to adopt procedures according to which its customs authorities may act *upon their own initiative* to suspend the release of suspect goods, and not only upon the request of a right holder.[130] A crucial concern may be the specific conditions on which customs authorities act on their own initiative. Under Article 58 of TRIPS, the *ex officio* suspension of goods was to be taken with "*prima facie* evidence that an intellectual property right is being infringed," followed by prompt notification to the importer and the right holder, under the limited duration of suspension.[131] These safeguards do not appear in Article 16 of ACTA, which merely provides for the suspension of "suspect" goods. This gives rise to a great concern over the abusive use of the power to suspend the release of goods. ACTA has several general safeguards; for instance, the second sentence of Article 6(1) provides that enforcement procedures "shall be applied in such a manner as to avoid the creation of barriers to legitimate trade."[132] Yet the restrictive effect of Article 6(1) against in-transit seizure would be diminished if one simply excludes goods infringing any IP rights would not be regarded as "legitimate" trade.[133]

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[127] Panel Report, *supra* note 111, at ¶7.224.

[128] *See* Joost Pauwelyn, *The Dog That Barked But Didn't Bite: 15 Years of Intellectual Property Disputes at the WTO*, 1 J. INT'L DISP. SETTLEMENT 389, 412-15 (2010).

[129] *Id*. at 415.

[130] ACTA, *supra* note 3, at art. 16(1)(a); *contra* TRIPS, *supra* note 12, art. 51, first sentence & art. 58 (Ex Officio Action).

[131] TRIPS, *supra* note 12, at art. 54, 55, and 58.

[132] ACTA, *supra* note 3, at art. 6(1); *See* Ruse-Khan, *supra* note 78, at 695–703.

[133] Mercurio, *supra* note 28, at 377.

4. Criminal Enforcement: Criminal Offences Performed on the Internet, and *Ex Officio* Criminal Enforcement

Under Article 61 of TRIPS, the only provision for criminal procedures, parties are obliged to criminalize certain IP rights infringements.[134] As the WTO Panel noted in *China-IP Rights* (2009), however, Article 61 is "brief" with significant "limitations and flexibilities." Its briefness and flexibility reflects "the sensitive nature of criminal matters and attendant concerns regarding sovereignty."[135] In fact, whether IP rights infringements ought to be criminalized at all could be theoretically contested.[136] IP infringements do not normally involve violence, and people may not consider them as criminally punishable acts. It is also often conducted in association with socially productive activities, which may be unnecessarily discouraged by the deterrent effect. While the criminalization of IP rights infringements is not an uncommon practice, and it is an obligation under TRIPS with respect to trademark and copyright, each state still has different answers as to the extent to which IP rights infringements amount to criminal offences. Country-specific differences have resulted in the flexible formula under TRIPS.

Reflecting developed states' dissatisfactions with TRIP's criminal offence provision, ACTA provides more extensive criminal enforcement provisions (Section 4). While the first sentence of Article 23(1) of ACTA virtually reiterates the first sentence of Article 61 of TRIPS,[137] the second sentence of

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[134]TRIPS, *supra* note 12, at 345 (stating that, "[m]embers shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines.... *In appropriate cases*, remedies available shall also include the seizure, forfeiture and destruction of the *infringing goods* and of any materials and implements the *predominant use* of which has been in the commission of *the offence*") (emphasis added).

[135] *See* Panel Report, *supra* note 111, ¶ 7.501; *see* YAMANE, *supra* note 26, at 248-57.

[136] *See* Miriam Bitton, *Rethinking the Anti-Counterfeiting Trade Agreement's Criminal Copyright Enforcement Measures*, 102 J. CRIM. L. & CRIMINOLOGY 67, 72-94 (2012).

[137] ACTA, *supra* note 3, at E-12 - E-13. (stating that, "1. Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright or related rights piracy on a *commercial scale*. For the purposes of this Section, acts carried out on a *commercial scale* include *at least* those carried out as commercial activities for direct *or indirect* economic or commercial *advantage*. 2. Each Party shall provide for criminal procedures and penalties to be applied in cases of *willful importation and domestic use*, in the course of trade and on a commercial scale, of *labels or packaging*: 4. With respect to the offences specified in this Article for which a Party provides criminal procedures and penalties, that Party *shall* ensure that criminal liability for *aiding and abetting* is available under its law. 5. Each Party shall adopt such measures as may be necessary, consistent with its legal principles, to establish the liability, which may be criminal, of *legal persons* for the offences specified in this Article...") (emphasis added, and original footnotes omitted);

Article 23(1) of ACTA seeks to specify the term "commercial scale," which was left undefined by Article 61 of TRIPS, so as to include the acts carried out as commercial activities for direct "or indirect" economic or commercial "advantage."[138] The use of the expansive term "indirect…advantage" at least suggests that infringing acts could amount to a "commercial scale" insofar as they are commercial activities and even if those activities do not directly create commercial gain.

The significance of this provision must be understood first in conjunction with the aforementioned Article 27(1), which extended criminal enforcement to the digital environment.[139] Given that the Internet is now part of the daily lives of individuals, the definition of "commercial scale" as a dividing line bears a crucial importance in determining the relevance of ACTA to them. In Japan, one of the key signatories of ACTA, a user infringes copyright under the Copyright Act by downloading, with knowledge, *music or videos* protected by copyright even for "private use,"[140] which could also be a criminal offence. While the government assured the inapplicability of criminal enforcement provisions to private downloading,[141] the vagueness of ACTA texts does not leave out the anxiety over the exact scope of "commercial scale" and its expansive interpretation in practice. If the acts which are considered as "private use" under the Copyright Act fall within the definition of "commercial scale" under ACTA, the scope of copyright infringements and criminal offence carried out on the internet may need to be amended for instance to cover copyright for photographs.

Article 23(2) of ACTA expands the scope of a trademark offence.[142] This provision is first to criminalize the use of "labels or packaging" even if they have not yet been attached to goods. For instance, the non-authorized use of such labels as "Prada" or "Gucci" could be *criminal* even if such labels have yet to be actually attached to bags or clothes for sale. Second, this provision

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compare TRIPS, *supra* note 12, art. 61 (definition of "copyright piracy"), *with* ACTA, *supra* note 3, art. 23(1)) (definition of "copyright or related rights piracy").

[138] *See* ACTA, *supra* note 3, at art. 23(1).

[139] *See* ACTA, *supra* note 3, at art. 27.

[140] *See* Copyright Act No. 48 (May 6, 1970), *amended* by Act No. 73 (2009) (Japan) (describing that under the Copyright Act of Japan, it is permissible for a user to reproduce a copyright work for the purpose of "private use." The 2009 amendment added another exception to this permissibility as part of measures to counter online piracy with respect to "digital sound or visual recording").

[141] During the Parliamentary debate: Committee on Foreign Affairs and Defense, Japanese House of Councillors, July 31, 2012 (a response by the Director-General of the Economic Affairs Bureau, Ministry of Foreign Affairs).

[142] See ACTA, *supra* note 3, at art. 23(2).

is to criminalize the acts of "willful importation and domestic use", as opposed to the act of counterfeiting itself.[143] This suggests that one could commit a *criminal* offence for the importation and use of a counterfeited trademark, even if that person did not create it.

Article 23(4) further obligates the provision of criminal liability for "aiding and abetting" with respect to the trademark and copyright offences.[144] Under ACTA, parties are obligated to introduce criminal procedures and penalties, not only for trademark and copyright offences *carried out on the internet*, but also for related criminal liability for *aiding and abetting*, which is *carried out on the internet*.[145] Article 23(4) must be further read together with Article 23(5), which requires parties to establish the liability of "legal persons." The combination of Articles 23(4), 27(1), and 23(5) seems to give rise to the possibility for criminal prosecution against internet service providers and social networks, such as Google and Facebook, for aiding and abetting an act of willful copyright piracy by their members.[146]

In relation to criminal offences, Article 25 of ACTA broadened the scope of goods subject to seizure, forfeiture, and destruction. While Article 61 of TRIPS envisages the seizure of *infringing* goods, Article 25(1) of ACTA provides the seizure of *suspected* goods.[147] Other materials subject to the seizure are also extended to include any related materials and implements used in the commission of the "alleged" offence, and also the "assets" obtained "indirectly" through the "alleged" infringing activity.[148] The procedures for forfeiture or destruction are extended by Article 25(4) of ACTA to apply them to the "assets" derived from, or obtained directly or "indirectly" through, the infringing activity, at least for serious offences.[149]

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[143] Flynn & Madhani, *supra* note 68, at 11.

[144] *See* ACTA, *supra* note 3, at art. 23(2).

[145] *Id.* at art. 23(4)&(5).

[146] *See* Kaminski, *supra* note 7, at 19.

[147] ACTA, *supra* note 3, at art. 25(1) (stating that, "[w]ith respect to the offences specified in paragraphs 1, 2, 3, and 4 of Article 23 (Criminal Offences)…[a] Party shall provide that its competent authorities have the authority to order the *seizure* of *suspected* counterfeit trademark goods or pirated copyright goods, *any related materials and implements used in the commission of the alleged offence, documentary evidence relevant to the alleged offence,* and the *assets derived from, or obtained directly or indirectly through, the alleged infringing activity*.") (emphasis added).

[148] *Id*.

[149] ACTA, *supra* note 3, at art. 25(4) (providing: "With respect to the offences specified in paragraphs 1, 2, 3, and 4 of Article 23 (Criminal Offences)…[a] Party shall provide that its competent authorities have the authority to order the *forfeiture or destruction* of materials and implements predominantly used in the creation of counterfeit trademark goods or pirated copyright goods and, at least for *serious offences*, of the *assets derived from, or obtained directly or indirectly through, the*

The article also obliges parties not to provide "compensation of any sort to the infringer" regarding the forfeiture or destruction.[150]

Ex officio actions are introduced not only for border measures but also with regard to criminal enforcement. Article 26 of ACTA obligates a party to provide, in appropriate cases, its authorities to act upon their own initiative to initiate investigation or legal action for trademark and copyright offences.[151] By Article 27(1), this also applies to the offences carried out on the Internet.[152] The obligation to have *ex officio* criminal enforcement would have a notable impact on a party, in which an IP-related criminal offence is an *Antragsdelikt* (motion offense), which requires a formal complaint from a private party or right holder. This is the case of Japan, for instance, in which, under the Copyright Act, prosecution for certain criminal offences takes place only upon the filling of a complaint (by the injured person).[153] ACTA may require the change to its copyright at least with respect to copyright infringements conducted for profit. In addition, depending on the construction of "commercial scale" (Article 23(1)) discussed above,[154] ACTA may even require parties to not apply the concept of *Antragsdelikt* to music and video downloading for private use.[155] The Japanese government reemphasized in July 2012 that ACTA was not to alter the motion offence provisions under the Copyright Act.[156] Yet the government's explanation was based upon the construction of the highly contextual terms "in appropriate cases" in Article 26 of ACTA. At present, the Japanese government does not regard it as "appropriate" to have *ex officio* criminal enforcement, despite the term "shall" used in Article 26.

As was mentioned above, ACTA was drafted as a form of *critique* to TRIPS enforcement provisions. The background leading to the 2011 treaty and its

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infringing activity. Each Party *shall* ensure that the forfeiture or destruction of such materials, implements, or assets shall occur *without compensation of any sort* to the infringer"). (emphasis added).

[150] *See id.*; *see also* ACTA, *supra* note 3, at art. 25(3).

[151] ACTA, *supra* note 3, art. 26 (detailing that "[e]ach Party shall provide that, *in appropriate cases*, its competent authorities may act upon their own initiative to initiate investigation or legal action with respect to the criminal offences specified in paragraphs 1, 2, 3, and 4 of Article 23 (Criminal Offences) for which that Party provides criminal procedures and penalties") (emphasis added); *see supra* notes 111-114 and accompanying texts (describing *ex officio* actions regarding border measures).

[152] ACTA, *supra* note 3, at art. 27.

[153] *See* Copyright Act No. 43, *supra* note 140, at art. 123.

[154] *See supra* notes 138-142 and accompanying text.

[155] *See* Copyright Act, *supra* note 140, at art. 119(3).

[156] Jap. Parl. Deb., Japanese House of Councillors, Committee on Foreign Affairs and Defense (July 31, 2012) (a response by the Minister for Foreign Affairs).

terms suggest that ACTA *seeks to reduce* TRIP's flexibility in domestic enforcement procedures by mandating and authorizing civil, border and criminal procedures. However, the broad coverage of IP rights under ACTA, and a number of changes which it brings to domestic IP laws and regulations, may necessarily require ACTA parties to interpret its provisions flexibly, including Article 13, which should preserve the flexibility that ACTA has sought to change. Perspectives from EU law are set out here in the next section.

II. ACTA AND EU LAW

From the perspective of EU law, several issues are considered concerning ACTA. First, the substance of ACTA, which we have analyzed in Section I-B of this paper, goes beyond existing EU law in rights relevant areas. Second and more important, the negotiations of ACTA, an agreement with quasi-legislative character, were conducted in great secrecy and largely under exclusion of democratic input, which gives rise to concern whether under EU law the secrecy practiced unjustifiably undermines the access to information.

A. Substantive Legal Issues: Changes in the EU *Acquis*?

In the EU, much discussion around ACTA has focused on the question of whether ACTA differs from existing EU law and will consequently require changes of EU secondary law. The answer seems likely to be in the affirmative. While the final ACTA text has deleted the most controversial provisions, including the "three strikes" provision on the liability of Internet service providers,[157] a substantive comparison with the IPR Enforcement Directive[158] reveals that ACTA is not entirely in line with EU secondary law. [159] Linguistic differences and silences of the IPR Enforcement

[157] Legal Opinion, *supra* note 6, at ¶ 32.

[158] Directive 2004/48/EC, of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 O.J. (L 195/16) [hereinafter IPR Enforcement Directive] (the first intellectual property rights enforcement directive).

[159] A. Kamperman Sanders, D. Bafana Shabalala, A. Moerland, M. Pugatch, P. Vergano, *The Anti-Counterfeiting Trade Agreement (ACTA): an Assessment*, (Report for the Directorate-General for External Policies (European Parliament, June 2011), at 7 (stating in some cases, ACTA is arguably more ambitious than EU law).

Directives make a final assessment of compatibility dependent on interpretation.[160]

First, with respect to civil enforcement (analyzed above in Section I-B-2 of this paper), one issue concerns whether the ACTA criteria for damages, referring to the value of the goods or services concerned "measured by the market price, or the suggested retail price,"[161] is identical to criteria in the IPR Enforcement Directive, referring to the "appropriateness of the damage to the actual prejudice suffered." [162] Second, as for border measures (analyzed above in Section I-B-3 of this paper) the IPR Customs Regulation is limited to counterfeit goods.[163] This existing limitation of EU law will be difficult to justify with convincing policy considerations in the light of ACTA, which applies border measures to all forms of IP rights except for patents and undisclosed information.[164]

Third, the criminal enforcement of IP rights (discussed above in Section I-B-4 of this paper) touches within the EU upon complex questions of the competence division between the EU and its Member States. Even after the entering into force of the Lisbon Treaty, the EU is not competent to adopt general EU criminal law. Its competence in this field remains exceptional. However as we will see, the Lisbon Treaty has extended the EU's criminal law competence. Pre-Lisbon, the Commission had already twice demonstrated its interest to adopt criminal procedures to enforce IP rights. In July 2005, it proposed the adoption of a directive on criminal measures aimed at ensuring the enforcement of intellectual property rights (Second Intellectual Property Rights Enforcement Directive (IPRED2)) to supplement the existing directive on the civil enforcement of intellectual property (First Intellectual Property Rights Enforcement Directive

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[160] *See id.* at 24.

[161] ACTA, *supra* note 3, at art. 9(1).

[162] IPR Enforcement Directive, *supra* note 158, at art. 13.

[163] Council Regulation 1383/2003, art. 2(1), 2003 O.J. (L 196/7) (customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights).

[164] *See infra* Part. I.B.1 (discussing the scope of IP rights covered by border measures); *but see* Commission Proposal for a Regulation of the European Parliament and of the Council Concerning Customs Enforcement of Intellectual Property Rights, COM (2011) 285 final, *available at* http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/legislation/com285_en.pdf (approved by the European Parliament on July 3, 2012, with amendments *available at*, http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0272+0+DOC+XML+V0//EN&language=EN).

(IPRED1)).[165] Originally, the existing IPRED1 had also included criminal sanctions, but in its hasty adoption, this controversial part was omitted. In September 2010 and after much criticism, the Commission decided to withdraw its proposal for the IPRED2 and hence its second attempt to adopt criminal enforcement procedures for IP rights.[166] Main points of criticism have been that the directive did not take a sufficiently differentiated approach to criminal enforcement of IP rights and that civil enforcement may prove sufficiently effective.[167] ACTA could be accused of taking a similarly insufficiently differentiated approach. Article 23(3) of ACTA for instance allows for open-ended criminal measures for "unauthorized copying of cinematographic works" at public performances ("camming").[168] Article 23(4) of ACTA extends this to aiding and abetting of such acts.[169] Post-Lisbon Article 83(2) TFEU vests the EU with the competences to adopt minimum rules on the definition of criminal offences and sanctions essential for ensuring the effectiveness of a harmonized EU policy.[170] This provision vests the EU with the competence to adopt criminal measures to enforce IP rights. And even though the Commission states in the explanatory memorandum on ACTA that it "has opted not to propose that the European Union exercise its potential competence in the area of criminal enforcement,"[171] this self-restraint does not change the competence division and is not binding for the future. On the contrary, in light of the repeated pre-Lisbon attempts to adopt criminal enforcement measures for IP rights and in light of the EU's recently expressed intention to use the new EU criminal law competence under Article 83(2) TFEU to ensure effective

[165] *See* Commission Proposal on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights and a Proposal for a Council Framework Decision to Strengthen the Criminal Law Framework to Combat Intellectual Property Offences, COM (2005) 276 final; IPR Enforcement Directive, *supra* endnote 137; *See also*, ESTER HERLIN KARNELL, THE CONSTITUTIONAL DIMENSION OF EUROPEAN CRIMINAL LAW 179, (Hart Publishing 2012) 2012.

[166] Withdrawal of Obsolete Commission Proposals, O.J. 2010 (C 252/04) (the Commission withdrew its proposal on September 18, 2010).

[167] Reto M. Hilty, Annette Kur & Alexander Peukert, *Statement of the Max Planck Institute for Intellectual Property, Competition and Tax Law on the Proposal for a Directive of the European Parliament and of the Council on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights*, 37 IIC 970 (2006).

[168] ACTA, *supra* note 3, at art. 23(3); *see generally* Cam (bootleg), http://en.wikipedia.org/wiki/Cam_(bootleg) (last visited Dec. 16, 2012).

[169] ACTA, *supra* note 3, at art. 23(4).

[170] Commission Proposal for Criminal Sanctions for Insider Dealing and Market Manipulation, COM (2011) 654 final (here this competence was used for the first time).

[171] Legal Opinion, *supra* note 6, at ¶ 34.

implementation of EU policies in general[172] it seems reasonable to expect further action of the Commission in this field.

Finally, one of the most controversial issues under EU law has been the enforcement in the digital environment in Article 27 of ACTA. The discussion surrounding ACTA has focused in particular on the rules governing the potential responsibilities of third parties, such as the online service providers, and matters of data protection. Recently, the European Data Supervisor re-stated that the scope of the proposed enforcement measures in Article 27 of ACTA was still perceived to be unfair, provisions on competent authorities with injunctive powers were too vague and *voluntary* enforcement cooperation was in excess of what could be allowed under EU law.[173] Indeed, Article 27 of ACTA not only refers repeatedly to the limits imposed by the laws and regulations of the Parties but also uses the word "may" and remains therefore voluntary.[174] What differs is the evaluation of the significance of voluntary measures. While the European Data Supervisor identified a problem, the legal service of the European Parliament concluded that "[s]everal of the enforcement provisions are of a non-mandatory nature and do therefore not set out any legal obligations of the Parties which would be contrary to fundamental rights."[175] Similarly, the Commission pointed out that it was possible to implement ACTA compatibly with EU law, and that EU law always provides the necessary safeguards and conditionality clauses, by being subject to the Charter of Fundamental Rights, due process and proportionality.[176] This view of the

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[172] European Comm'n, *Towards an EU Criminal Policy: Ensuring the Effective Implementation of EU Policies through Criminal Law*, COMMC'N FROM THE COMM'N TO THE EUR. PARLIAMENT, THE COUNCIL, THE EUR. ECON. AND SOC. COMM. AND THE COMM. OF THE REGIONS, 6 (Sept. 20, 2011), http://ec.europa.eu/justice/criminal/files/act_en.pdf.

[173]European Data Protection Supervisor, *supra* note 8, at ¶ 11.

[174] *See* ACTA, *supra* note 3, at art. 27 (detailing the requirements as "[a] Party may provide, in accordance with its laws and regulations, its competent authorities with the authority to order an online service provider to disclose expeditiously to a right holder information sufficient to identify a subscriber whose account was allegedly used for infringement, where that right holder has filed a legally sufficient claim of trademark or copyright or related rights infringement, and where such information is being sought for the purpose of protecting or enforcing those rights.

These procedures shall be implemented in a manner that avoids the creation of barriers to legitimate activity, including electronic commerce, and, consistent with that Party's law, preserves fundamental principles such as freedom of expression, fair process, and privacy") (emphasis added).

[175] Legal Opinion, *supra* note 6, at ¶ 31.

[176] European Commission, *Comments on the "Opinion of European Academics on Anti-Counterfeiting Trade Agreement,"* COMM'N SERVICES WORKING PAPER, 13 (April 27, 2011), http://trade.ec.europa.eu/doclib/docs/2011/april/tradoc_147853.pdf.

Commission is the subject of much academic critique in particular.[177] While there remains an artificiality or circularity to this viewpoint, however, in so far as it suggests that simple recourse to fundamental safeguard clauses provides the appropriate safeguards by themselves, purely legally the position of the European Parliament and the Commission remains correct. Since the Parties are not *obliged* to implement provisions that are worded as "Parties may," other Parties cannot enforce such provisions. However, it remains highly questionable whether the Union should sign and endorse any such measures if it considers them as incompatible with the standards of fundamental rights protected under EU law.

ACTA remains open for interpretation on points that are highly relevant for criminal enforcement. One example is the criminalization of personal use. The European Parliament set out in its position April 25, 2007 on the proposal for a new IPR Enforcement Directive that acts "carried out by private users for personal and not-for-profit purposes" should not be part of the scope of the new directive.[178] As noted above, the acts "on a commercial scale" within the meaning of ACTA includes "at least those carried out as commercial activities for direct or indirect economic or commercial advantage."[179] This is not identical but from the wording acts for "personal purpose" should not fall under "acts carried out on a commercial scale." The issue of whether "indirect economic or commercial advantage" might cover acts "not-for-profit purpose" is less clear. Yet, a sensible reading of "*commercial* scale" and "*commercial* advantage" would come to the same conclusion.[180] However, the assessment of the ACTA provisions as broad and ambiguous and the concern about potentially resulting issues of interpretation appears to be a more widely shared.[181] This is related to the secrecy surrounding the negotiations of ACTA, which will be the focus of the next subsection. Publicly available information on the negotiations, such

[177] *Id.*

[178] European Parliament, *Position of the European Parliament Adopted at First Reading on 25 April 2007 with a View to the Adoption of Directive* 2007/.../EC *of the European Parliament and of the Council on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights*, EUR. PARLIAMENT, 7 (April 25, 2007), http://www.europarl.europa.eu/document/activities/cont/200902/20090218ATT49831/20090218ATT49831EN.pdf.

[179] ACTA, *supra* note 3, at art. 27.

[180] Sanders et al., *supra* note 159, at 7.

[181] Weatherall, *supra* note 7, at 244.

as *travaux preparatoire*[182] and/or position papers would be helpful to establish an accepted interpretation of some of the ACTA provisions.

These four points we have highlighted here give rise to the overall question of whether ACTA changes the EU *acquis*. On November 24, 2010, the European Parliament adopted for instance a resolution on ACTA and emphasized that "any agreement reached by the EU on ACTA must comply fully with the *acquis*."[183] The use of the term *acquis* itself is ambiguous. Commonly *acquis* is defined as the accumulated legislation, legal acts, and court decisions, which together constitute the body of European Union law; it comprises both primary and secondary EU law.[184] Compliance with primary law is a requirement for the compatibility of international agreements with EU law.[185] It is not a requirement that international agreements comply with EU secondary law. The Court of Justice when ruling under Article 218(11) TFEU on the legality of ACTA will not control whether the adoption of ACTA will require changes to EU secondary legislation.[186] In the hierarchy of norms within the EU as it is understood by the Court of Justice, international agreements rank above EU secondary law and can hence require changes to acts of the institutions. Therefore, as a matter of formal legal hierarchy, it should be recalled that there is no problem for an international agreement to change existing EU secondary law. The issue is rather how should this international agreement-making power be exercised – particularly in the light of the fact that it can depart from rules adopted with support of the European Parliament under the ordinary legislative procedure.

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[182] Travaux Préparatoires, http://en.wikipedia.org/wiki/Travaux_pr%C3%A9paratoires (last visited Dec. 16, 2012) (explaining that the term means "the official record of negotiation").

[183] European Parliament, *European Parliament Resolution of 24 November 2010 on the Anti-Counterfeiting Trade Agreement (ACTA)*, OFFICIAL JOURNAL OF THE EUR. UNION, 2 (April 3, 2012), http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:099E:FULL:EN:PDF.

[184] *Community Acquis*, EUROPA.EU, http://europa.eu/legislation_summaries/glossary/community_acquis_en.htm (last visited Dec. 16, 2012).

[185] *Opinion 1/75*,1975 EUR. CT. REP. 1355, 1359 (Nov. 11, 1975), http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61975CV0001:EN:PDF; *Haegeman v. Belgium*, 1974 EUR. CT. REP. 449, 450 (April 30, 1974), http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61973CJ0181:EN:PDF.

[186] *See* Consolidated Version of the Treaty on the Functioning of the European Union (TFEU) at art. 218(11), *available at* http://euwiki.org/TFEU#Article_218.

B. The Procedure: Secrecy in Action

1. European Parliament Shifting from Opposition to Responsibility?

The Lisbon Treaty has extended the European Parliament's powers under the "ordinary" procedure for the conclusion of international agreements in Article 218 TFEU.[187] This is well known, at least since the European Parliament's demonstration of power in the context of the conclusion of the SWIFT agreement in 2010. However, the Council remains arguably the most powerful institution: it authorizes the opening of negotiations, adopts negotiating directives, authorizes the signing, and concludes international agreements. In principle (subject to exceptions), the Council acts by qualified majority. As to the involvement of the European Parliament, it is important to distinguish between the initiation and negotiation stage on the one hand and the signing and conclusion stage on the other. The European Parliament is not formally involved in the negotiations, apart from having the right to be informed during all stages of the procedure.[188] At the conclusion stage, the European Parliament can be involved in two ways: consultation and consent.[189]

The right to be informed, in combination with the Parliament's powers at the conclusion stage, has introduced certain "political safeguards." It is only rational to take account of the European Parliament's comments and opinions before the agreement reaches the conclusion stage. This is also acknowledged in the Framework Agreement on Relations between the European Parliament and the Commission.[190] Involvement of the European Parliament at the negotiation stage would better represent the rationale of Article 218 TFEU. If the European Parliament was fully and actively involved at an earlier stage, for instance when the negotiation mandate and directives are drawn up, it would be placed in a governing role rather than in the role of the opposition. Parliament would be forced to find constructive solutions. By contrast, during the ACTA negotiations, the European Parliament had very little influence until the very end, even after the Lisbon Treaty entered into force. This places the European Parliament in the position of an obstructionist, with the only chance to veto the agreement if it disagrees with the final draft. The latter, however, breeds mistrust between

[187] *Id.* at 218(6)(a).

[188] *Id.* at 218(11).

[189] *See* TFEU art 218(6)(a) (explaining that 218(6)(a)(v) includes agreements that fall within the policy fields in which the ordinary legislative procedure applies).

[190] *See* Decision 2010/2118, of the European Parliament of 20 October 2010 on the Revision of the Framework Agreement on Relations Between the European Parliament and the Commission, Annex 3, 2010 O.J. (C 70 E) 55, ¶ 3 ("The Commission shall take due account of Parliament's comments throughout the negotiations").

the European Parliament and the Commission and Council, as well as between the EU and its external negotiation partners. This notion is particularly important in light of the fact that otherwise the Council could, within the hierarchy of norms of the European legal order, negotiate a change of the Union *acquis* externally, without input of the European Parliament. Should this occur, the European Parliament could then bring a case to the Court of Justice or flatly refuse consent at the conclusion stage. The greatest strength and influence of a parliament is not consent or rejection, but deliberation in a search for a majority.

2. Access to Information

The European Parliament adopted on March 10, 2010, a resolution on the transparency and state of play of the ACTA negotiations, in which it expressed its concerns and called for public and parliamentary access to information.[191] It considers the lack of transparency "at odds with the letter and spirit of the TFEU," and criticized the fact that no legal basis was established prior to the negotiations, nor was approval for the negotiating mandate sought.[192]

The lack of transparency in negotiating international agreements, along with the difficulties of the European Parliament and the public to access relevant information, has similarly been the focus of a recent case in the General Court -the case of *Sophie in 't Veld*.[193] The *Sophie in' t Veld I* case is informative on the interpretation of the right of access to information; Sophie in 't Veld brought a parallel action against the Commission regarding ACTA, *Sophie in 't Veld II*.[194] The *Sophie in 't Veld I* case involved access to the opinion of the Council's Legal Service concerning a recommendation from the Commission to the Council to authorize the opening of negotiations between the EU and the U.S., for an international agreement to make available to the U.S. Treasury Department financial messaging data as a tool to prevent and combat terrorism and terrorist financing (the SWIFT agreement).[195] As a Member of the European Parliament (MEP), Sophie in 't Veld relied on the Transparency Regulation 1049/2001 for her request, and consequently, the discussion was framed as

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[191] *See* Resolution P7_TA(2010)0058, of the European Parliament of 10 March 2010 on the Transparency and State of Play of the ACTA Negotiations, 2010 O.J. (C 349) 53, ¶ 3.

[192] *Id.* at ¶ 2.

[193] *See* Case T-529/09, *Sophie in 't Veld v. Council* [hereinafter *Sophie in 't Veld I*], 2012 E.C.R. II-0000, ¶ 2; *see also* Case T-301/10, Int 'l Veld v. Comm'n. [hereinafter *Sophie in 't Veld II*], 2010 O.J. (C 260) 55, 18.

[194] *Sophie in 't Veld I, supra* note 193 at ¶¶ 3, 19.

[195] *Sophie in 't Veld I* at ¶ 2.

whether the refusal was justified under the exceptions within the meaning of Article 4 of the regulation.[196] The General Court previously ruled in the *API* case, holding that "the mere fact that a document concern[ed] an interest protected by an exception cannot justify application of that exception.[197] Such application may, in principle, be justified only if the institution has previously assessed… whether access to the document would specifically and actually undermine the protected interest…"[198] In *Sophie in 't Veld*, the General Court shed further light on this holding in the context of Article 4(1)(a) of Regulation 1049/2001 on the protection of public interest in the field of international relations.[199] Judicial review of a provision with such "a complex and delicate nature," and "having regard in particular to the singularly sensitive and essential nature of the protected interest…the review of legality must be limited to verifying whether the procedural rules and the duty to state reasons have been complied with, whether the facts have been accurately stated, and whether there has been a manifest error of assessment of the facts or a misuse of powers."[200] The General Court's analysis led to partial annulment of the Council decision denying access to justice because the Council had not established the risk of a threat to the public interest in the field of international relations concerning the undisclosed parts of the document relating to the legal basis.[201]

Considering an argument of the applicant, the General Court further discussed the legislative nature of the agreement, and the question of whether the Council was acting in its legislative capacity.[202] The Court stated "initiating and conducting negotiations in order to conclude an international agreement fall, in principle, within the domain of the executive.[203] Moreover, public participation in the procedure relating to the negotiation and the conclusion of an international agreement is necessarily restricted, in view of the legitimate interest in not revealing strategic elements of the negotiations.[204] Thus, the General Court held that the Council was not acting in its legislative capacity.[205] This does not, however,

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[196] *Id*.

[197] ECJ, Joined Cases C-514/07 P, C-528/07 P and C-532/07 P Sweden v ASBL (21 September 2010, Grand Chamber).

[198] *Sophie In 't Veld v. Council II*, 2012 E.C.R. II-0000, at ¶ 20.

[199] *Id*. at ¶ 23.

[200] *Id.* at ¶¶ 24-25.

[201] *Id.* at ¶¶ 59-60.

[202] *Id.* at ¶¶ 83-85.

[203] *Id.* at ¶ 88.

[204] *Id*.

[205] *Id.*

exclude the idea that ACTA impacts the EU *acquis*. Indeed, the General Court explained that the principle of transparency is applicable "especially where a decision authorising [sic] the opening of negotiations involves an international agreement which may have an impact on an area of the European Union's legislative activity."[206] As explained above, international agreements, while complying with the European Treaties, can change the *acquis*. Essentially, this means that through what is executive action in principal (initiating and conducting negotiations), the change of legislative decisions can be largely predetermined, and the European Parliament can only use a veto, rather than influence the course of the discussion or the framing of the subject matter earlier on. Further, the decision under the Lisbon Treaty to strengthen the role of the European Parliament in the conclusion (albeit not negotiation) of international agreements, where a field requires the ordinary legislative procedure internally (Article 218(6)(a)(v) TFEU), can be read as a reaction to the increasingly broad and detailed nature of international agreements, which govern and regulate the legal position of individuals in the same way as internal legislation.[207] In this regard, it is contended that the European Parliament has reached the height of its empowerment in the international treaty-making field of the EU.[208] While having grudgingly accepted the latest EU-U.S. Passenger Name Records Agreement, the European Parliament "show[ed] its legal teeth" in the case of both SWIFT and ACTA.[209]

Sophie in 't Veld brought on a second action for annulment, which is still pending, this time against the Commission's decision to refuse full access to documents concerning the negotiations of ACTA – likewise requested pursuant to the transparency regulation.[210] The MEP first alleged that the Commission failed to explain why access was refused; second, the Commission considered Article 4(4) of the transparency regulation as an exception, while it is in fact a procedural rule on the consultation of third parties; and third, it misapplied Article 4(1)(a), the exception for the

[206] *Id.* at ¶ 89.

[207] TEIJA TIILIKAINEN, FINNISH INST. OF INT'L AFFAIRS, ACCOMMODATION TO THE NEW FUNCTIONS PROVIDED BY THE LISBON TREATY 2 (2011) [hereinafter TIILIKAINEN]; Consolidated Versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, art. 218. ¶ 6, Dec. 13, 2007, 2010 O.J. (C 83) 53.

[208] TIILIKAINEN, *supra* note 207 at 3.

[209] Valentina Pop, *Unhappy MEPs to Approve Passenger Data Deal*, EUOBSERVER(Nov. 11, 2011), http://euobserver.com/justice/114252; Ariadna Rippoll Servent & Alex MacKenzie, *The European Parliament as Norm Taker? EU-US Relations After the SWIFT Agreement*, 17 EUR. FOREIGN AFF. REV. 71, XX (2012).

[210] *See Sophie in 't Veld II*, *supra* note 193, at ¶ 18.

protection of the Union's public interest, as regards external relations.[211] If the previously discussed *Sophie v. in 't Veld I* case concerning SWIFT gives any indication of the General Court's general approach to the openness of international treaty negotiations, the applicant has a good case.

Two reasons have been offered justifying the secrecy surrounding ACTA.[212] First, confidentiality is a common and necessary component in the negotiation of trade agreements.[213] The problem here is that ACTA does not focus on trade.[214] Rather, it sets out detailed rules on the enforcement of IP rights, including border controls and enforcement in the digital environment.[215] These measures could only, by extension, be considered to influence trade.[216] Indeed, the opinion of the Legal Service of the European Parliament concluded "ACTA is an agreement limited to IPR enforcement."[217] It further establishes its own enforcement body, the ACTA Committee. Each of these points are different from a trade agreement, such as the TRIPS, which requires only general legal measures of implementation.[218] Second, it has been argued that the confidentiality was not harmful because ACTA did not aim at changing existing law.[219] Yet, as we have seen above, certain ACTA provisions will require further interpretation before the decision can be made on whether they change the scope of existing EU secondary law. Others, however, will do so with certainty at least in certain respects. The European Parliament's concern that the EU *acquis* might be affected by ACTA was clearly expressed through its repeated emphasis that the Commission must respect the EU *acquis* in the negotiation of international agreements.[220] This concern itself should be enough to engage in discussion with the Parliament. In light of this, the secrecy surrounding the fact that negotiations were conducted seems to be lacking justification. It also raises the question regarding what actors are involved in shaping the secret negotiations. The United States Trade Representative (USTR) discussed content and drafts with "the upper crust of

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[211] *Id*.

[212] *See also* Weatherall, *supra* note 7, at 233.

[213] *Id*.

[214] *Id.*

[215] *Id*. at 233-34.

[216] *Id*. at 234.

[217] *See* Legal Opinion, *supra* note 6, at ¶ 38.

[218] David M. Quinn, *A Critical Look at the Anti-Counterfeiting Trade Agreement*, 17 RICH. J.L. & TECH.1, 8 (2011) [hereinafter Quinn].

[219] *See* Weatherall, *supra* note 7, at 234.

[220] *See* Resolution P7, TA(2010)0432, of the European Parliament of 24 November 2010 on the Anti-Counterfeiting Trade Agreement (ACTA).

private industry."[221] The report written for the Directorate-General for External Policies of the European Parliament voiced concerns about whether public interest groups had the same access.[222]

Executive secrecy, particularly in the area of external relations, is the rule rather than the exception. Access to document rules, such as the transparency regulation, allow not only a certain amount of information but also make clear that open government is a fundamental principle that can only be restricted for good reasons. Efficiency or convenience is not part of the exceptions in Article 4 of the transparency regulation. The release of the ACTA "transparency catalogue" by the Commission, outlining in detail its negotiation process and all interested parties, represents a significant success.[223] However, it follows a defensive discursive process, where initially the Commission was antagonistic in its approach to the Parliament. Subsequently, the Commission was forced to issue a document purporting to rebut the "myths surrounding ACTA,"[224] as well as a transparent and defensive information catalogue on its website. The Commission was the subject of adverse legal commentary for its failure to negotiate with transparency satisfactorily.[225] The European Parliament was particularly dissatisfied with this evolving state of affairs[226] and released legal opinions supporting its viewpoint.[227] These legal opinions were not limited to adverse views on transparency and secrecy practices, but also discussed the substantive content of ACTA.

The current state of litigation remains far from satisfactory because the laws do not force advances in openness in international treaty negotiations. The belated voluntary disclosure in the case of ACTA is quite significant. Additionally, ACTA has ironically engendered a high level of transparency between the institutions after much inter-institutional rivalry. The inter-

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[221] *See* Quinn, *supra* note 218, at 22.

[222] EU Directorate-General for External Policies of the Union, *Workshop: The Anti-Counterfeiting Trade Agreement (ACTA)*, 25-27 (Mar. 2012), *available at*

http://www.europarl.europa.eu/committees/fr/studiesdownload.html?languageDocument=EN&file=73311.

[223] *See* European Comm'n, *ACTA— Anti-counterfeiting Trade Agreement*, EUROPA.EU, http://ec.europa.eu/trade/tackling-unfair-trade/acta/ (last updated Sept. 20, 2012).

[224] *See* European Comm'n, *10 Myths about ACTA*, *EUROPA.EU* 1, 1-3 (2012), http://trade.ec.europa.eu/doclib/docs/2012/january/tradoc_148964.pdf.

[225] *E.g.*, Deirdre Curtin, *Europe's Secret International Negotiations Violate EU Law*, STATEWATCH 1, 1-2 (2011), http://www.statewatch.org/analyses/no-153-secret-europe.pdf.

[226] *E.g.*, Benjamin Fox, *Battle lines drawn up in EU row on Acta*, EUOBSERVER.COM (Mar. 2, 2012), http://euobserver.com/creative/115128.

[227] *E.g.*, Conformity with European Union Law, *supra* note 6, at ¶ 28.

institutional dynamic in international relations remains embryonic and underscores the developing nature of EU foreign policy.

III. ACTA AND U.S. LAW

The legal issues surrounding ACTA in the U.S., legal order form a useful comparative study for a number of reasons. The U.S. was one of the key initial parties to the ACTA negotiations and signed ACTA in late 2011.[228] Certain similarities exist in U.S. law with respect to the legal controversies that ACTA has generated in the EU, as well as significant domestic constitutional questions concerning the reception of international law. These similarities include, *inter alia*, the authority to enter and implement ACTA, the legal effects of ACTA on U.S. law, and the secrecy with which the U.S. ACTA negotiations were conducted and are considered here accordingly.

A. On Procedure

1. The Authority to Enter and Implement ACTA by an Executive Agreement

The USTR maintained from the outset of U.S. negotiations that ACTA was a "*sole-executive agreement*" negotiated under the President's authority, was consistent with existing U.S. law and did not require the enactment of implementing legislation.[229] Accordingly, the U.S. Trade Ambassador, Ronald Kirk, signed ACTA in October 2011.[230] Thus, controversy exists concerning the implementation of ACTA without legislative authority, as well as the question of the authority to enter a binding international agreement without congressional approval.[231] There are three constitutional

[228] Office of the U.S. Trade Representative, *Anti-Counterfeiting Trade Agreement (ACTA)*, TRADE TOPICS: INTELLECTUAL PROPERTY, http://www.ustr.gov/acta (last visited Oct. 19, 2012) (refer to Section I-A of this paper for a detailed discussion of the negotiation and signing processes) [hereinafter Anti-Counterfeiting Trade Agreement].

[229] SHAYERAH ILIAS, CONG. RESEARCH SERV., R41107, THE PROPOSED ANTI-COUNTERFEITING TRADE AGREEMENT: BACKGROUND AND KEY ISSUES 7 (2012).

[230] *Statement by U.S. Trade Representative Ron Kirk Regarding the Anti-Counterfeiting Trade Agreement*, USTR.GOV, http://www.ustr.gov/about-us/press-office/press-releases/2011/october/statement-united-states-trade-representative-ron-k (last visited Dec. 16, 2012).

[231] *See generally* Sean M. Flynn et. al., *ACTA Public Comments: Submission of Legal Academics, available at* http://infojustice.org/wp-content/uploads/2011/02/ACTA-Comment-Thirty-Professors-USTR-2010-0014.pdf (last visited Oct. 24, 2012)

mechanisms to bind the U.S. to international agreements: (1) by invocation of the Treaty clause of the Constitution, submitting the agreement to a two-thirds vote of the Senate; (2) through a congressional-executive agreement in which the agreement is either approved of beforehand or approved after the fact by a majority of both Houses of Congress; or (3) as a sole executive agreement governing matters delegated by Article II of the Constitution to the President.[232]

As Laurence Tribe states, U.S. Presidents have long maintained that they may conclude executive agreements without "paying heed to the procedural niceties" that govern formal treaties, in particular the requirement of obtaining the support of two-thirds of the Senate.[233] Currently, the precise scope of the President's power to conclude international agreements without the consent of the Senate is unresolved. Tribe also cautions that the notion that executive agreements know no constitutional bounds "proves equally bankrupt."[234] Instead, there may be a species of international accord that may take the form of a treaty, but are considered an executive agreement. The U.S. Constitution is silent as to how the nation may enter agreements that do not rise to the level of treaties. Treaty making in the U.S. is in

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(explaining why various groups of law professors have initiated a public discourse on this point in the form of open letters to the White House); Letter from Brooke Baker et. al., Law Professors, to Barack Obama, President of the U.S. (Oct. 28, 2010) *available at* http:wcl.american.edu/pijip/go/academics10282010 (showing that over 75 law professors have called for a halt of ACTA); Letter from Margot Kaminski et. al., Law Professors, to Members of the U.S. Senate Comm. on Fin. (May 16, 2012) *available at* http://infojustice.org/wp-content/uploads/2012/05/Law-Professor-Letter-to-Senate-Finance-Committee-May-16-20122.pdf (showing the submissions of law professors to the Senate Finance Committee); Jack Goldsmith & Lawrence Lessig, *Anti-Counterfeiting Agreement Raises Constitutional Concerns*, WASH. POST (Mar. 26, 2010), *available at* http://www.washingtonpost.com/wp-dyn/content/article/2010/03/25/AR2010032502403.html; Sean Flynn, *ACTA's Constitutional Problem: The Treaty is not a Treaty,* 26 AM. U. INT'L L. REV. 903, 910 (2011) (discussing the constitutional problems with ACTA); Margot Kaminski, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA),* 34 YALE J. INT'L L. 247, 255 (2009) (discussing the troublesome provisions of ACTA and the areas that it is likely to modify); Eddan Katz & Gwen Hinze, *The Impact of the Anti-Counterfeiting Trade Agreement on the Knowledge Economy: The Accountability of the Office of the U.S. Trade Representative for the Creation of IP Enforcement Norms Through Executive Trade Agreements*, 35 YALE J. INT'L L. 24, 27 (2010) (discussing the need for transparency in ACTA negotiations).

[232] *See* Oona A. Hathaway, *Presidential Power over International Law: Restoring the Balance*, 119 YALE L.J. 140, 170-71 (2009); *see also* Oona A. Hathaway, *Treaties' End: the Past, Present and Future of International Lawmaking in the United States*, 117 YALE L.J. 1236, 1238 (2008).

[233] LAURENCE H. TRIBE, AMERICAN CONSTITUTIONAL LAW 648 (Found. Press ed., 3rd ed. 2000).

[234] *See id.*

comparative terms unique and extraordinary.[235] For example, U.S. Constitutional law is distinct in requiring a supermajority legislature vote to approve treaties, and it is in a minority of Countries in the world to exclude a part of the legislature from international law making that is usually involved in domestic law making. In more extreme cases, a small handful of countries combine the latter feature with a rule that makes treaties automatically a part of domestic law. However, the procedures that dictate how treaties are dealt with in U.S. law is described as being both dualist and monist, and, at least, remarkably complex.[236] U.S. courts pay considerably more regard to arguments of their government in *amicus curiae* briefs about the status of international law and to the intentions of the parties, than to the texts of treaties. Hence, while executive agreements override State law, it is not always easy for the U.S. government to convince state governments and legislatures that they are obliged to comply with them.

The use of a sole-executive agreement for the adoption of ACTA by the USTR has resulted in much controversy; if ACTA were characterized as a *treaty* as opposed to an *agreement*, it would need approval of two-thirds of the Senate before it could be ratified. Thus, the controversy rested on whether U.S. constitutional procedures required submission of ACTA to the U.S. Senate for approval as a treaty, or to Congress as a congressional-executive agreement, or whether the President can adopt the pact as a sole executive agreement requiring only the President's approval.[237] Recently, Harold Koh, the U.S. State Department Legal Advisor, has notably described ACTA as a legally binding international agreement.[238] This use of nomenclature has fuelled further controversy about the legal formula employed by the U.S. as to ACTA.

Firstly, it is argued that Congress has effectively been circumvented for the duration of the ACTA negotiation process.[239] Secondly, the President has

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[235] *E.g.*, ANTHONY AUST, MODERN TREATY LAW AND PRACTICE 191 (Cambridge Univ. Press, 2nd ed. 2007).

[236] Jack Goldsmith & Lawrence Lessig, *Anti-Counterfeiting Agreement Raises Constitutional Concerns*, WASH. POST (Mar. 26, 2010), available at http://www.washingtonpost.com/wp-dyn/content/article/2010/03/25/AR2010032502403.html [hereinafter Goldsmith].

[237] Letter from Harold Hongju Koh, Legal Adviser, Dep't. of State, to Ron Wyden, Senator, U.S. Cong. (Mar. 6, 2012), *available at* http://infojustice.org/archives/ 9072 (follow "described" hyperlink) [hereinafter Koh].

[238] *See* Darrell Issa, *Issa Opens Secretive Intellectual Property "Treaty" to the Public*, NEWS ROOM (Mar. 6, 2012), http://issa.house.gov/index.php?option=com_content&view=article&id=964:issa-opens-secretive-intellectual-property-treaty-to-the-public&catid=63:2011-press-releases (describing ACTA as an "unconstitutional power grab").

[239] Goldsmith, *supra* note 236.

been suggested to lack independent constitutional authority over intellectual property.[240] Jack Goldsmith and Lawrence Lessig assert that the claim of such unilateral powers was usually reserved for insignificant matters and that the Supreme Court had not clarified the limits on such powers.[241] Rather, such powers were usually drawn from either express powers or historical powers.[242] Thirdly, the U.S. Constitution explicitly gives primacy of authority over intellectual property to Congress.[243] Accordingly, it has been contended that ACTA would effectively usurp congressional authority over intellectual property policy and that Act had failed to explicitly incorporate current congressional policy, in the areas of damages and injunctions.[244] Fourthly, it has been argued that, as a result, the agreement could complicate legislative efforts to solve wider policy dilemmas in the area of copyright. The USTR, however, claimed that ACTA was fully consistent with existing U.S. law in the area of damages and injunctive relief and claimed that the U.S. had discretion with respect to the scope of implementation, considered further above here. Fifthly, it has been contended by a group of scholars making submissions to the U.S. Senate Committee on Finance in 2012 that a participatory public law-making process was required: "[i]t is clear that other ACTA negotiating parties – including the EU, Australia, Mexico, and others—are treating ACTA as a binding international agreement requiring legislative ratification under constitutional standards similar to our own. We encourage you to demand the same element of public process in our own country."[245]

As such, the desire for legislative participation and for a different legal instrument, other than an agreement, indicates how executive-dominated the ACTA negotiations have been in U.S. law. However, it is worth noting that many express concerns that the legal basis of ACTA may never be

[240] *See generally* U.S. CONST. art. I, § 8, cl. 3, 8 (detailing the powers regarding intellectual property).

[241] Goldsmith, *supra* note 236.

[242] *See generally* Sean M. Flynn et. al., *ACTA Public Comments: Submission of Legal Academics*, *available at* http://infojustice.org/wp-content/uploads/2011/02/ACTA-Comment-Thirty-Professors-USTR-2010-0014.pdf (last visited Oct. 24, 2012) [hereinafter Flynn, ACTA Public Comments] (explaining why various groups of law professors have initiated a public discourse on this point in the form of open letters to the White House)].

[243] *Id.* at 11-12.

[244] *Id.* at 20.

[245] Margot Kaminski, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement* (ACTA), 34 YALE J. INT'L L. 247, 255 (2009) [hereinafter Kaminski].

examined under U.S. law, on account of the political question doctrine.[246] This is in contrast to EU law, where the compatibility of ACTA itself has been referred to the Court of Justice, to consider competence and fundamental rights questions. By its own rules of procedure, the Court of Justice may consider the legal basis of ACTA.[247] In this way, we witness a significant difference between EU and U.S. law.

2. Legal Authority in U.S. IP Law for ACTA?

Koh, the U.S. State Department Legal Advisor, has contended in correspondence to a member of Congress that ACTA was negotiated in response to previous express Congressional calls for international cooperation to enhance enforcement of intellectual property rights.[248] Koh relied upon the Prioritizing Resources and Organization for Intellectual Property Act of 2008 (PRO-IP Act of 2008), [249] as a basis for the development of ACTA, which called for the Executive Branch to develop and implement a plan aimed at eliminating international counterfeiting and infringement networks and to work with other countries to establish international standards and policies. Notably, Koh argued that the Obama Administration was able to rely on existing U.S. intellectual property law for implementation of ACTA – including the Copyright Act 1976, the Lanham Act, and the Digital Millennium Copyright Act –as to fulfill all of its obligations as a party to ACTA with respect to civil remedies, border enforcement mechanism, and criminal penalties for certain intellectual property offenses.[250]

Legal scholars have sought to dispute this characterization through the Act of 2008, arguing that it was not temporally possible. They stated in a letter to the U.S. Senate Finance Committee that:

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[246] *Made in the USA Foundation v. United States*, 242 F.3d 1300, 1319-20 (11th Cir. 2001) (refusing to review whether NAFTA was unconstitutionally entered by executive agreement rather than through an Art. 11 treaty); *see* RACHEL E. BARKOW, *The Rise and Fall of the Political Question Doctrine*, THE POLITICAL QUESTION DOCTRINE AND THE SUPREME COURT OF THE UNITED STATES 23, 23 (Nada Mourtada-Sabbah & Bruce E. Cain eds., 2007).

[247] Rules of Procedure, art. 196(2), 2012 O.J. (L 265) (according to Art. 196(2) of the Rules of "[a] request for an Opinion may relate both to whether the envisaged agreement is compatible with the provisions of the Treaties and to whether the European Union or any institution of the European Union has the power to enter into that agreement.").

[248] Koh, *supra* note 237.

[249] Prioritizing Resources and Organization for Intellectual Property Act of 2008, 15 U.S.C. § 8113(a) (Supp. II 2008).

[250] Koh, *supra* note 237.

> "… The latest communication on this issue, from Department of State Legal Advisor Harold Koh to Senator Wyden, abandoned the Sole-Executive Agreement justification for ACTA and instead described the agreement as an *ex ante* Congressional-Executive Agreement. ACTA was authorized, the letter claims, by Section 8113(a)(6) of the 2008 PRO-IP Act….. The plain language of Section 8113(a) of the PRO-IP Act1 does not authorize USTR to bind the U.S. to any international agreement. PRO-IP Act cannot be an *ex ante* authorization for ACTA because it was not temporally *ex ante*… The ACTA negotiation began in 2007. PRO-IP was not passed until 2008, and was passed at a time Congress was being told that ACTA would be entered as a Sole-Executive Agreement – requiring no Congressional approval at all. The administration did not seek, and Congress has not given, ex ante authorization to bind the U.S. to ACTA. We thus conclude that the Administration currently lacks a means to Constitutionally enter ACTA without ex post Congressional approval." (emphasis added)[251]

However, this dispute remains academic in light of the signing of ACTA by the U.S. and the unlikely consideration of this issue by the U.S. Supreme Court. Nonetheless, this shows how legal authority in existing IP law to enter ACTA is contestable.

3. Effects on U.S. Law in Absence of Congressional Approval

Goldsmith and Lessig, assert that in the absence of congressional approval, ACTA raises serious constitutional questions affecting domestic law.[252] They argue that the non-criminal portions of ACTA, that contemplate judicial enforcement, could override inconsistent state and federal law.[253] Also, they suggest ACTA could invalidate State law that conflicts with its general policies,[254] and that a judicial canon, requiring courts to interpret ambiguous federal laws to avoid violations of international obligations, entails that courts would construe ambiguities in federal laws on intellectual property, telecom policy, and related areas to conform to ACTA.[255]

Controversy exists in U.S. law concerning the U.S. reception of international law effectively an internal perspective. It provides a comparative study of the reception of international law, given the contentions among U.S. and EU officials that ACTA does not alter existing copyright law in either jurisdiction.[256] In the U.S. legal order, ACTA has been an executive-dominated matter, excluding larger legislative

[251] Kaminski, *supra* note 245.

[252] *See* Goldsmith, *supra* note 236.

[253] *Id.*

[254] *Id.*

[255] *Id.*

[256] *Id.*

participation. It concerns less of a rights-based discourse than in EU law. Transparency appears to have been achieved, similar to the position prevailing now in the EU However, the U.S. Supreme Court is not likely to consider the legality of the instrument used to negotiate ACTA in the short term at least, putting aside the most controversial aspects of the U.S. ACTA affair.[257]

4. Secrecy

The exclusion or circumvention of Congress in relation to the negotiation and ratification of ACTA has been a major bone of contention in the U.S. on many levels, both substantively and procedurally regarding content and transparency, thereby mirroring EU law. For example, the USTR has been criticized extensively for the secretive manner in which it conducted ACTA negotiations, and it is alleged that the USTR had not held a single public meeting on the ACTA text and had blocked public release of the updated, evolving draft text.[258] By early 2010, a leaked document draft was finally released.[259] Some U.S. scholars maintain that the secrecy surrounding the negotiations was unwarranted, as ACTA did not relate to any standard definition of "national security" under U.S. law, especially given that the G8 had referenced the ACTA agreement as a "new international framework" in International IP law.[260] Moreover, David Levine contrasts the perceived secrecy surrounding the adoption of ACTA with the relatively open domestic process surrounding the introduction of the controversial U.S. SOPA and PIPA Acts.[261] Levine proposed that international IP policymaking processes might be open to greater public scrutiny by creating a qualified public right to "foreign relations" national security information, which he alleged was systematically withheld from the public during the U.S. ACTA negotiations.[262] In fact, the USTR subsequently released draft and final texts of ACTA on its website in April and October 2010, and a cursory analysis of the website now reveals a highly transparent and comprehensive analysis of ACTA in the U.S. For example, similar to EU

[257] *Id.*

[258] Letter from Brooke Baker et. al., Law Professors, to Barack Obama, President of the U.S. (Oct. 28, 2010) available at http:wcl.american.edu/pijip/go/ academics10282010 [hereinafter Letter from Brooke Baker].

[259]Monika Ermert, *Leaked ACTA Text Sows Possible Contradictions with National Law*, INTELLECTUAL PROPERTY WATCH (Mar. 29, 2010), http://www.ip-watch.org/2010/03/29/leaked-acta-text-shows-possible-contradictions-with-national-laws/.

[260] Letter from Brooke Baker, *supra* note 258.

[261] David S. Levine, *Bring in the Nerds: Secrecy, National Security, and the Creation of Intellectual Property Law*, 30 CARDOZO ARTS & ENT. L.J. 105, 107-08 (2012).

[262] *Id*. at 141, 143.

law, a factsheet was released by the USTR Executive office, as well as viewpoints of the Office on ACTA, resulting in considerable transparency, and perhaps mirroring the EU position. However, the form of legal instruments used to adopt ACTA remains the thorny question in U.S. law, whereby Congress had no input into the adoption of the text, and thereby diverging considerably from EU law.

B. On Substance: Consistency with U.S. Law

The USTR has claimed that ACTA is consistent with U.S. copyright, patent, and trademark laws, especially with regards to injunctive relief and damages.[263] It emphasized how ACTA allowed parties to determine in certain instances the scope of implementation. The USTR stated that injunctive relief in existing U.S. copyright law was consistent with and implemented ACTA:

> "… injunctive relief as provided for in the Digital Millennium Copyright Act (17 USC §512j) and other provisions of U.S. law is consistent with and implements the obligations of the ACTA. References in Article 27.4 of the ACTA to expeditious disclosure of information do not oblige the United States to take additional action to compel such disclosure."[264]

Similarly, U.S. law regarding damages in patent disputes implemented the relevant provisions of the ACTA: "… ACTA specifies that a party may exclude patents and protection of undisclosed information from the obligations in Chapter II, Section 2 (Civil Enforcement). The United States will ensure that its approach to implementing these and all other ACTA obligations is fully consistent with U.S. law."[265] However, sas outlined above, some fear the impact of ACTA on congressional powers in the field of intellectual property in the future. The controversy about criminal enforcement penalties seems less of an issue in the U.S. than under EU law.

The Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act of 2011, (PIPA)[266] and the Stop Online Piracy Act

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[263] Flynn, ACTA Public Comments, *supra* note 242, at 20-21.

[264] *ACTA: Meeting U.S. Objectives*, OFF. OF THE U.S. TRADE REP. (Oct. 2011), http://www.ustr.gov/about-us/press-office/fact-sheets/2011/september/acta-meeting-us-objectives.

[265] *Id.*

[266] *See generally* PROTECT IP Act, S. 968, 112th Cong. (2011) (detailing U.S. efforts to domestically address IP rights).

(SOPA),[267] both introduced in 2011, represent far-reaching efforts to prevent breaches of US copyright law, although later versions have been watered down considerably. While analysis of the content thereof is outside the scope of the current work, overall, they require operators of the Internet's addressing (DNS) system to block access to "foreign infringing sites" that traffic illegally in copyrighted content and are highly controversial on account of their impact on internet freedom.[268] However, as outlined above, some suggest that the openness of their legislative adoption process, however controversial, contrasts considerably with the introduction of ACTA. These developments indicate the shifting parameters of US IP law but perhaps also emphasize the particularities of US engagement with International law.

CONCLUSION

The impetus towards ACTA started from the moment that TRIPS was adopted in 1994, which brought divided IP exporters and importers into one single multilateral treaty by complex bargaining within the WTO agreements.[269] The dissatisfaction of developed states towards TRIPS, especially its domestic enforcement provisions, resulted in a series of FTAs, involving the U.S. and the EU, which have included robust domestic enforcement provisions, including those concerning IP rights infringements carried out on the Internet. While developed states have demonstrated their efforts from 2005 to discuss enforcement agendas at the multilateral TRIPS Council, their attempts did not, unsurprisingly, attract developing states. The resort to the plurilateral forum to the exclusion of developing states has subsequently led to the successful adoption of the text of ACTA. The restricted involvement of legislative organs at the regional and domestic levels has also facilitated the adoption and signing processes. In the U.S., the executive-dominated negotiation of ACTA resulted in disquiet. However,

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[267] *See generally* Stop Online Piracy Act, H.R. 3261, 112th Cong. (2011) (detailing U.S. efforts to domestically address IP rights).

[268] Mark Lemley, David S. Levine & David G. Post, *Don't Break the Internet*, 64 STAN. L. REV. ONLINE 34, 34 (2011), *available at* http://www.stanfordlawreview.org/sites/default/files/online/articles/64-SLRO-340.pdf; *see also* Annemarie Bridy, *Copyright Policymaking as Procedural Democratic Process: A Discourse-Theoretic Perspective on ACTA, SOPA, and PIPA*, 30 CARDOZO ARTS & ENT. L. J 153, 154 (2012); Peter K. Yu, *The Alphabet Soup of Transborder Intellectual Property Enforcement*, 60 DRAKE L. REV. DISCOURSE 16, 28 (2012), *available at* http://students.law.drake.edu/lawReview/docs/lrDiscourse201206-yu.pdf.

[269] TRIPS, *supra* note 12, at 1197-98.

the conclusion of the treaty, which was made possible by the selection of participants, invited international, regional, and domestic criticisms against ACTA, which now almost completely overshadow the fruit of the plurilateral negotiations. Many of the criticisms are justified. On substance, ACTA aims to establish robust domestic procedures without making distinctions between different kinds of IP rights.[270] ACTA pursues the greater protection of IP right holders against competing social demands, and it does so with limited safeguards. As is the case of TRIPS, ACTA is merely to oblige or facilitate parties to "have the authority" to take enforcement procedures, and not to oblige them to "exercise" authority.[271] Yet this does not diminish the concerns over ACTA. The conferral of the authority simply increases the anxiety as to the extent to which customs and judicial authorities would actually exercise their power, either in response to the requests by the right holders, or acting on their own initiatives.

On the treaty-making procedure, there is, of course, nothing to prevent states and international organizations from concluding treaties on IP rights protection on a bilateral or plurilateral basis.[272] In the case of ACTA, however, it does not readily make sense to draft an anti-counterfeiting treaty without certain key countries, where counterfeiting and piracy practices remain widespread, such as in China and India. This question could only be resolved by considering: first, ACTA might have in part be used—just like many other international treaties—to create a domestic political justification to introduce robust IP rights protection. Second, the use of a plurilateral forum can be understood by situating ACTA as one of the intermediary steps to reform international standards on the domestic enforcement of IP rights.[273] Namely, ACTA could serve as a framework for the future determination of more detailed rules, leaving short- and long-term effects on the multilateral rule-making on IP protection beyond ACTA.[274] In this sense, the prospect of ACTA carries wider implications not only on this treaty itself, but also wider TRIPS-plus provisions, which would continue to be raised in FTA negotiations and at the TRIPS Council.

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[270] Michael Geist, *The Trouble with the Anti-Counterfeiting Trade Agreement (ACTA)*, 30 SAIS REV. 137, 139-40 (2010).

[271] *See China - Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, *supra* note 111, at ¶ 7.236 (explaining that this point was raised by the WTO Panel: "The obligation is to "have" authority not an obligation to "exercise" authority. The phrase "shall have the authority" is used throughout the enforcement obligations in Sections 2, 3 and 4 of Part III of the TRIPS Agreement…").

[272] Geist, *supra* note 270, at 142.

[273] *Id.*

[274] *Id.* at 137-38, 142-43.

The political setbacks surrounding ACTA especially in the EU and the U.S. reflect the fact that the international treaty-making process underestimated the width and complexity of governmental and non-governmental interests that the domestic enforcement of IP rights now attracts both at the national, regional, and global levels.[275] ACTA should also be seen as the epitome of international treaty-making which tends to discount its impact on domestic actors, including private individuals. ACTA or other international agreements on domestic enforcement necessarily require amendments to existing domestic law. Without the involvement of legislative organs at the European and national levels, such international agreements ultimately find political and legal obstacles when they are translated into the regional and domestic legal orders.

[275] *Id.* at 140.